



**BERKELEY CITY COUNCIL BUDGET & FINANCE COMMITTEE
SPECIAL MEETING**

**Monday, April 27, 2020
10:00 AM**

Committee Members:

Mayor Jesse Arreguin, Councilmembers Cheryl Davila and Lori Droste
Alternate: Councilmember Kate Harrison

**PUBLIC ADVISORY: THIS MEETING WILL BE CONDUCTED EXCLUSIVELY THROUGH
VIDEOCONFERENCE AND TELECONFERENCE**

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, this meeting of the City Council Budget & Finance Committee will be conducted exclusively through teleconference and Zoom videoconference. Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, there will not be a physical meeting location available.

To access the meeting remotely using the internet: Join from a PC, Mac, iPad, iPhone, or Android device: Use URL - <https://zoom.us/j/95290132454>. If you do not wish for your name to appear on the screen, then use the drop down menu and click on "rename" to rename yourself to be anonymous. To request to speak, use the "raise hand" icon on the screen.

To join by phone: Dial **1-669-900-9128** and Enter Meeting ID: **952 9013 2454**. If you wish to comment during the public comment portion of the agenda, press *9 and wait to be recognized by the Chair.

Written communications submitted by mail or e-mail to the Budget & Finance Committee by 5:00 p.m. the Friday before the Committee meeting will be distributed to the members of the Committee in advance of the meeting and retained as part of the official record. City offices are currently closed and cannot accept written communications in person.

AGENDA

Roll Call

Public Comment on Non-Agenda Matters

Minutes for Approval

Draft minutes for the Committee's consideration and approval.

1. Minutes - February 27, 2020

Committee Action Items

The public may comment on each item listed on the agenda for action as the item is taken up. The Chair will determine the number of persons interested in speaking on each item. Up to ten (10) speakers may speak for two minutes. If there are more than ten persons interested in speaking, the Chair may limit the public comment for all speakers to one minute per speaker.

Following review and discussion of the items listed below, the Committee may continue an item to a future committee meeting, or refer the item to the City Council.

2. **Report from City Auditor Regarding Impact of COVID-19 Pandemic on Berkeley's Finances**
From: City Auditor
Contact: Jenny Wong, Auditor, (510) 981-6750
3. **COVID-19 Responses**
From: City Manager
Contact: Teresa Berkeley-Simmons, Budget Manager, (510) 981-7000
4. **FY 21 Budget Update**
From: City Manager
Contact: Teresa Berkeley-Simmons, Budget Manager, (510) 981-7000
5. **FY 2019 Fourth Quarter Investment Report: Ended June 30, 2019**
From: City Manager
Referred: March 10, 2020
Due: July 28, 2020
Contact: Henry Oyekanmi, Finance, (510) 981-7300
6. **FY 2020 First Quarter Investment Report: Ended September 30, 2019**
From: City Manager
Referred: March 10, 2020
Due: July 28, 2020
Contact: Henry Oyekanmi, Finance, (510) 981-7300

Unscheduled Items

These items are not scheduled for discussion or action at this meeting. The Committee may schedule these items to the Action Calendar of a future Committee meeting.

- 7. Cannabis Cryptocurrency Tax**
From: Councilmembers Bartlett and Robinson
Referred: November 4, 2019
Due: May 19, 2020
Recommendation: Adopt an ordinance adding a new Chapter to the Berkeley Municipal Code to allow the City to implement a method for acceptance of stablecoin tax remittance for certain industries pending City approval of each industry.
Financial Implications: See report
Contact: Ben Bartlett, Councilmember, District 3, (510) 981-7130
- 8. Allocating Car Fees for Street Improvements**
From: Councilmember Robinson
Referred: February 24, 2020
Due: July 26, 2020
Recommendation: Double the annual repaving budget by adopting a resolution to allocate either 50 percent of the revenues or revenues upwards of \$6 million collected annually from the Vehicle In-Lieu Tax towards the repaving budget in the interests of street maintenance, sustainability, and bicycle and pedestrian goals.
Financial Implications: See report
Contact: Rigel Robinson, Councilmember, District 7, (510) 981-7170
- 9. Open West Campus Pool and Martin Luther King Jr. Pool (King pool) to implement the City of Berkeley Shower Program at these locations, and provide the ability for our community to shower during the COVID 19 Pandemic**
(Item contains revised materials)
From: Councilmember Davila (Author)
Referred: March 30, 2020
Due: September 27, 2020
Recommendation: Direct the City Manager to open the West Campus Pool and Martin Luther King Jr. Middle School (King pool) Pool to implement the City of Berkeley Shower Program at these locations. Opening the West Campus Pool and Martin Luther King Jr. Middle School (King pool) pool will provide the ability for our community to shower during the COVID 19 Pandemic, a humane action required during this crisis.
Financial Implications: \$270,100
Contact: Cheryl Davila, Councilmember, District 2, (510) 981-7120
- 10. Housing Trust Fund Resources**
From: City Manager
Contact: Lisa Warhuus, Housing and Community Services, (510) 981-5400

Unscheduled Items

11. **Homeless Services Report**
From: City Manager
Contact: Dave White, City Manager's Office, (510) 981-7000
12. **Review of Council's Fiscal Policies**
From: City Manager
Contact: Teresa Berkeley-Simmons, Budget Manager, (510) 981-7000

Items for Future Agendas

- **Discussion of items to be added to future agendas**

Adjournment

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*Written communications addressed to the Budget & Finance Committee and submitted to the City Clerk Department will be distributed to the Committee prior to the meeting.*

*This meeting will be conducted in accordance with the Brown Act, Government Code Section 54953. Members of the City Council who are not members of the standing committee may attend a standing committee meeting even if it results in a quorum being present, provided that the non-members only act as observers and do not participate in the meeting. If only one member of the Council who is not a member of the committee is present for the meeting, the member may participate in the meeting because less than a quorum of the full Council is present. Any member of the public may attend this meeting. Questions regarding this matter may be addressed to Mark Numainville, City Clerk, (510) 981-6900.*



### COMMUNICATION ACCESS INFORMATION:

This meeting is being held in a wheelchair accessible location. To request a disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact the Disability Services specialist at (510) 981-6418 (V) or (510) 981-6347 (TDD) at least three business days before the meeting date. Attendees at public meetings are reminded that other attendees may be sensitive to various scents, whether natural or manufactured, in products and materials. Please help the City respect these needs.

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I hereby certify that the agenda for this meeting of the Standing Committee of the Berkeley City Council was posted at the display case located near the walkway in front of the Maudelle Shirek Building, 2134 Martin Luther King Jr. Way, as well as on the City's website, on April 23, 2020.

A handwritten signature in black ink that reads "Mark Numainville".

Mark Numainville, City Clerk

Communications

Communications submitted to City Council Policy Committees are on file in the City Clerk Department at 2180 Milvia Street, 1st Floor, Berkeley, CA.

**BERKELEY CITY COUNCIL BUDGET & FINANCE COMMITTEE
REGULAR MEETING MINUTES**

**Thursday, February 27, 2020
10:00 AM**

1947 Center Street, 3rd Floor – Magnolia Room

Committee Members:

Mayor Jesse Arreguin, Councilmembers Cheryl Davila and Lori Droste
Alternate: Councilmember Kate Harrison

Roll Call: 10:10 a.m. All present.

Public Comment on Non-Agenda Matters – 0 speakers

Minutes for Approval

Draft minutes for the Committee's consideration and approval.

1. Minutes - February 13, 2020

Action: M/S/C (Arreguin/Davila) to approve the minutes of February 13, 2020.

Vote: All Ayes.

Committee Action Items

The public may comment on each item listed on the agenda for action as the item is taken up. The Chair will determine the number of persons interested in speaking on each item. Up to ten (10) speakers may speak for two minutes. If there are more than ten persons interested in speaking, the Chair may limit the public comment for all speakers to one minute per speaker. Speakers are permitted to yield their time to one other speaker, however no one speaker shall have more than four minutes.

Following review and discussion of the items listed below, the Committee may continue an item to a future committee meeting, or refer the item to the City Council.

Committee Action Items

2. Council Fiscal Policy - Funding the 115 Pension Trust

From: City Manager

Recommendation: Discuss and approve the following budget fiscal policies for ongoing funding into the 115 Pension Trust. Once approved the updated policies should be submitted to the City Council for adoption.

1. Raising the Property Transfer Tax baseline from \$12.5 million to \$15 million. The additional \$2.5 million will be allocated to the 115 Pension Trust.
2. Property Transfer Tax in excess of \$15 million will be treated as one-time revenue to be used for the City's capital infrastructure needs. However, revenue generated from Measure P is excluded (exempt) from this transfer.
3. Savings generated by pre-funding CalPERS will be contributed to the 115 Pension Trust. On an annual basis, staff will analyze the impact of pre-funding CalPERS. If the analysis determines that pre-funding CalPERS will result in budgetary savings, the net savings will be contributed to the 115 Pension Trust.

Financial Implications: See report

Contact: Teresa Berkeley-Simmons, Budget Manager, (510) 981-7000

Action: 1 speaker. Discussion held. M/S/C (Droste/Arreguin) to move the item with a positive recommendation and the following amendment:

4. Refer to the City Manager to explore including interest above the baseline budget as an additional revenue source.

Vote: All Ayes.

3. Council Fiscal Policy – Short-term Rental General Fund Revenue

From: City Manager

Recommendation: Discuss and approve the removal of the following budget fiscal policy tied to the Short-Term Rental General Fund Revenue steam. Once approved the updated policy should be submitted to the City Council for adoption. The following policy is recommended for removal and was adopted by Council on December 19, 2017, Resolution No 68.278-N.S. - Starting in FY 2019, staff costs as approved by the City Council that exceed the enforcement fees and penalties shall be appropriated from the short term rental taxes collected pursuant to BMC Section 23C.22.050, Section H, with the primary allocation of the rental tax to the purposes listed below:

- (a) Two thirds (66.7%) allocated to the Affordable Housing Trust Fund and
- (b) One third (33.3%) allocated to the Civic Arts Grant Fund.

Financial Implications: See report

Contact: Teresa Berkeley-Simmons, Budget Manager, (510) 981-7000

Action: 1 speaker. Discussion held. M/S/C (Arreguin/Droste) to move the item with a positive recommendation and the following amendment:

That the Council consider the Committee's priorities for the short-term rental revenues as part of the budget process as follows:

- a. Sufficiently fund the implementation and enforcement of the short-term rental program;
- b. Keep the \$500,000 baseline for the arts grants program;

Committee Action Items

- c. Consider additional funding for the arts, including a capital grant program;
- d. Consider additional funding for affordable housing.

Vote: All Ayes.

Unscheduled Items

These items are not scheduled for discussion or action at this meeting. The Committee may schedule these items to the Action Calendar of a future Committee meeting.

4. Cannabis Cryptocurrency Tax

From: Councilmembers Bartlett and Robinson

Referred: November 4, 2019

Due: May 3, 2020

Recommendation: Adopt an ordinance adding a new Chapter to the Berkeley Municipal Code to allow the City to implement a method for acceptance of stablecoin tax remittance for certain industries pending City approval of each industry.

Financial Implications: See report

Contact: Ben Bartlett, Councilmember, District 3, (510) 981-7130

5. Review of Council's Fiscal Policies

From: City Manager

Contact: Teresa Berkeley-Simmons, Budget Manager, (510) 981-7000

Items for Future Agendas

- Discussion of items to be added to future agendas

Adjournment

Action: M/S/C (Davila/Droste) to adjourn the meeting.

Vote: All Ayes.

Adjourned at 10:55 a.m.

I hereby certify that this is a true and correct record of the Budget & Finance Committee meeting held on February 27, 2020.

April Richardson, Assistant City Clerk

Communications

Communications submitted to City Council Policy Committees are on file in the City Clerk Department at 2180 Milvia Street, 1st Floor, Berkeley, CA.

CONSENT CALENDAR

May 12, 2020

To: Honorable Mayor and Members of the City Council

From: Jenny Wong, City Auditor *zw*

Subject: Navigating the Impact of the COVID-19 Pandemic on Berkeley's Finances

RECOMMENDATION

Consider this framework when making budget decisions about managing revenues and expenditures impacted by the COVID-19 pandemic, as well as using reserve funds. This high level report includes three sections: impact on economy, revenues, and expenditures. Government finance experts offer key considerations for managing expenditures including: reducing expenditures; focusing on essential activities that prioritize public health and community value; and long-term planning when spending reserves to make sure that enough funds are available to pull the City through a potentially long economic downturn. See full report for more information.

FISCAL IMPACTS OF RECOMMENDATION

The COVID-19 pandemic is causing a severe economic downturn that may last for years. The decisions the City makes in this time of declining revenues and rising expenditures can have a lasting effect on its ability to provide essential services to meet community needs, especially for our most vulnerable residents. Considering this framework when making those decisions may help the City mitigate the economic impacts of COVID-19.

CURRENT SITUATION AND ITS EFFECTS

This report provides high level information about how the COVID-19 pandemic may impact Berkeley's economy as well as city revenues and expenditures.

Impact on Economy: With residents sheltering in place except for essential activities, Berkeley's businesses, arts organizations, and community service agencies are under tremendous financial pressure. Based on research data, shelter-in-place orders may impact at least 30,000 Berkeley jobs, and about 27 percent of workers who live in Berkeley are at high risk of unemployment or are already unemployed. This pandemic-induced economic shock is unprecedented because the public health risk will determine its severity and duration. The City is in a relatively strong fiscal position, but will face difficult decisions about tradeoffs in order to weather the economic downturn.

Impact on Revenues: The City relies on tax revenue from sales and use, business licenses, property, real estate transfers, and hotel occupancy to fund many of its services. With many local businesses closed and a 12-month sales tax deferral for small businesses statewide, the City's sales and hotel tax revenues are plummeting. The City will feel these decreased revenues almost immediately. Due to the timing of when some taxes are assessed and collected,

Berkeley will first feel the impact on revenue property taxes, transfer taxes, and business licenses in about a year or more. Federal and state financial assistance may help cover some of the costs of the City's COVID-19 response, but will not make up for all of the lost revenues.

Impact on Expenditures: Meanwhile, the increased need for city services is causing some expenditures to rise. Necessary measures to protect public health and support social distancing—especially among unhoused residents—will increase city expenditures. Federal and state aid may mitigate some of the financial impacts for Berkeley residents and small businesses. But for those who are not eligible for federal or state aid, Berkeley may see increased demand for services and support. Additionally, the impact of COVID-19 on insurance markets and retirement funds are likely to result in increased expenditures for employee health insurance and retirement contributions.

Government finance experts we interviewed recommended that Berkeley consider long-term strategies as revenues decline and expenditures increase. We suggest that this work be conducted quickly but thoroughly to yield maximum savings:

- Reduce expenditures to focus on essential activities that prioritize public health and safety, as well as community value.
- Leverage current and potential federal and state assistance in a comprehensive approach to addressing community needs.
- Coordinate use of Berkeley's resources to provide support in areas that are not supported by federal and state funding.
- Ensure social equity by evaluating the need to support Berkeley's residents, businesses, and community agencies comprehensively, rather than on a one-at-a-time basis, so that city resources are distributed fairly and in proportion to the level of need.
- Formulate a plan that takes a long-term view to spending reserves to make sure that enough funds are available to pull the city through a potentially long economic downturn.

The City is promptly taking steps to ensure it can continue meeting the community's needs by reducing or delaying non-essential and non-urgent expenditures. Additionally, federal and state funding may cover some of the COVID-19 response costs or provide reimbursement. However, the duration of the downturn is unknown and financial impact for the City and its residents is likely to outstrip available relief funding.

BACKGROUND

The COVID-19 pandemic is a public health crisis that has altered Berkeley's community life and economy. The Berkeley Health Officer has been at the forefront of protecting our residents by issuing the nation's first shelter-in-place order. With residents staying home except for essential

activities, Berkeley's restaurants, hotels, local retailers, arts and sports venues, and other small businesses that make up the City's unique cultural and economic fabric have had to scale back or close.

While the public health crisis has demanded the immediate attention of city staff, our office initiated this special report, consulting with the City's Budget Division and Finance Department, to review how the crisis will impact the City's budget and ability to provide essential city services for months and years to come. City officials also expressed interest in learning about best practices that could be adapted to Berkeley. In addition, we developed considerations on how to use the \$36 million in reserves the City has built over the years to weather financial instability.¹ To develop a comprehensive framework, we reached out to officials at leading finance and government organizations, as well as professional associations and other local governments.

ENVIRONMENTAL SUSTAINABILITY

Our office manages and stores audit workpapers and other documents electronically to significantly reduce our use of paper and ink.

RATIONALE FOR RECOMMENDATION

COVID-19 pandemic is a public health crisis with social and economic impacts that may last for years. This framework can assist city leaders in balancing the need for short-term action with long-term financial planning as revenues decline and expenditures increase.

CONTACT PERSON

Jenny Wong, City Auditor, City Auditor's Office, 510-981-6750

Attachments:

- 1: Report: Navigating the Impact of the COVID-19 Pandemic on Berkeley's Finances.

¹ The City Council established a stronger reserve policy at the recommendation of the City Auditor in 2016.

Special Report
April 21, 2020

Navigating the Impact of the COVID-19 Pandemic on Berkeley's Finances



BERKELEY CITY AUDITOR

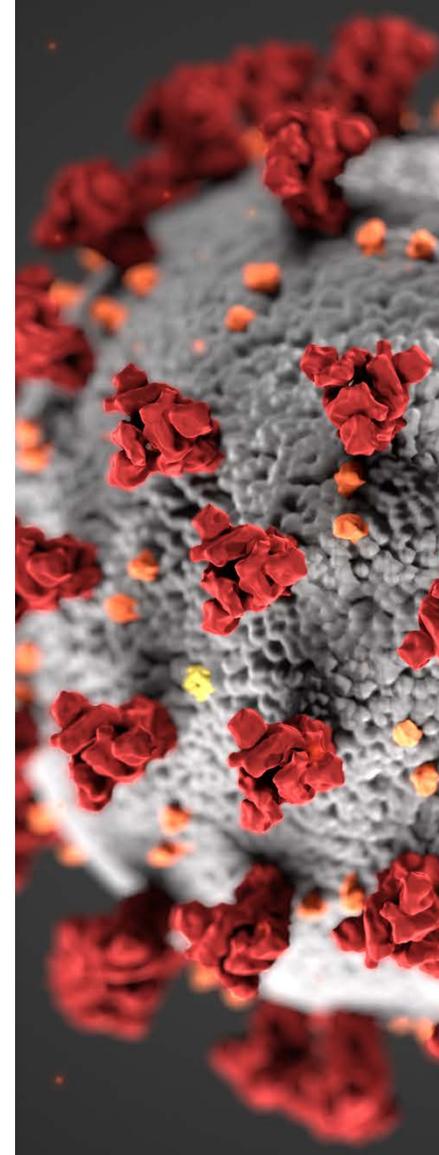


Image: Center for Disease Control

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Report Highlights



BERKELEY CITY AUDITOR

The COVID-19 pandemic is a public health crisis with social and economic impacts that may last for years.

Impact on Berkeley's Economy

- With residents sheltering in place except for essential activities, Berkeley's businesses, arts organizations, and community service agencies are under tremendous financial pressure.
- Shelter-in-place orders will impact at least Berkeley 30,000 jobs, possibly more.
- About 27 percent of workers who live in Berkeley are at high risk of unemployment or are already unemployed.
- This pandemic-induced economic shock is unprecedented because the public health risk is driving its severity and duration.
- The City is in a relatively strong fiscal position, but will face difficult decisions about tradeoffs in order to weather the economic downturn.

Impact on Berkeley's Revenues

- Berkeley's revenues from sales and use tax and hotel occupancy tax will decline in the short term.
- Berkeley will see moderate impact on property tax, property transfer tax, and business license tax revenue over the next one to two fiscal years.
- Federal and state financial assistance may help cover some costs of the COVID-19 response, but will not make up for all lost revenues.

Impact on Berkeley's Expenditures

- Costs to respond to the COVID-19 pandemic are rising as revenues are decreasing.
- Costs to provide employee health insurance and retirement contributions are expected to increase due to the pandemic.

The City will need to balance its pandemic response with long-term financial planning as revenues decline and some expenditures increase.

Experts recommend the City:

Ensure social equity by evaluating the need to support Berkeley's residents, businesses, and community agencies together, rather than on a one-at-a-time basis, so that city resources are distributed fairly and in proportion to the level of need.

Reduce expenditures to focus on essential activities that prioritize public health and safety, as well as community value.

Leverage current and potential federal and state assistance in a comprehensive approach to addressing community needs.

Coordinate use of Berkeley's resources to provide support in areas that are not supported by federal and state funding.

Take a long-term view to spending reserves to make sure that enough funds are available to pull the City through a potentially long economic downturn.

Navigating the Impact of the COVID-19 Pandemic on Berkeley's Finances

Background and Purpose

The COVID-19 pandemic is a public health crisis with devastating social and economic impacts. Unemployment is skyrocketing as consumer confidence and retail sales are plummeting. With residents sheltering in place and the closure of UC Berkeley and non-essential activities, Berkeley's community service agencies, restaurants, hotels, retail businesses, arts organizations, and other small businesses are under tremendous financial pressure. The economic shock is hitting our most vulnerable residents the hardest and demand for city services may increase at a time when city revenues are certain to shrink.¹

The City Manager and department heads are working diligently to address a myriad of issues that stem from the COVID-19 pandemic. The Mayor and City Council acted quickly to set up a relief fund for small businesses, arts and cultural organizations, and renters. The Berkeley Health Officer has been at the forefront of protecting our residents by issuing the nation's first shelter-in-place order. Staff throughout the City are working in the Emergency Operations Center to address this pandemic that local, state, and federal officials declared as an emergency.

While the public health crisis has demanded the immediate attention of city staff, our office consulted with the City's Budget Division and Finance Department, to review how the crisis will impact the City's budget and ability to provide essential city services.

This economic downturn is severe and may last for years. It is critical that decision makers and the public understand the various financial impacts so that the City can continue to meet the needs of city residents, small businesses, and arts organizations in a time of declining revenue.

Berkeley is fortunate to have a reserve fund. The City Council established a stronger reserve policy at the recommendation of the City Auditor in 2016. The fund, currently at \$36 million or 17 percent of the City's General Fund, gives city decision makers more flexibility to respond to the crisis. For the reserve fund and other city funds to best meet the needs of city residents, they need to be managed with a long-term view of a potentially prolonged economic crisis.

Response to this economic downturn will require a marathon approach rather than a sprint.

¹ The City of Berkeley's adopted budget projections of \$489.4 million in revenues in fiscal year 2020 and \$495.9 million in fiscal year 2021 will need to be adjusted.

This special report provides information to assist Berkeley's leaders in navigating the financial challenges ahead. We conducted interviews and reviewed data from government finance and budget officials to compile the following information:

- Estimates of how the COVID-19 pandemic will affect the local economy and Berkeley's revenues and expenditures; and
- Considerations from government finance and budget officials for the City Manager and Council to inform decisions about how to manage resources as revenues decline and expenditures increase.

Scope and Methodology

The COVID-19 pandemic continues to affect many important aspects of community life in Berkeley. To provide information that is timely and complementary to the work of other city departments, we focused this report on the pandemic's impact on the local economy and city revenues and expenditures through fiscal year 2021. We present a high-level overview of a range of considerations for mitigating the impact of COVID-19 in Berkeley, but do not provide detailed analysis or audit recommendations.

To develop a comprehensive set of best practices for Berkeley leaders to consider in navigating this economic downturn, we interviewed and gathered information from officials at the following organizations, professional associations, and local governments:

Brookings Institution	San Francisco, CA
California Budget and Policy Center	Oakland, CA
California Legislative Analyst's Office	San Jose, CA
California State Assembly	Hayward, CA
California Public Employees Retirement System	Seattle, WA
Center on Policy and Budget Priorities	Kansas City, MO
Downtown Berkeley Association	Johnson County, KS
U.S. Government Accountability Office	Colorado Springs, CO
League of California Cities	
Moody's Analytics	
Pew Charitable Trust	
Public Policy Institute	
University of California, Berkeley	
Urban Institute	

Information Subject to Change

The COVID-19 pandemic is unprecedented, and information about health outcomes and economic impacts is rapidly changing. All figures in this report reflect estimates based on the information available as of April 21, 2020 and are subject to change.

Impact on Berkeley's Economy

As Berkeley's economy faces sudden business closures, low income residents, small businesses, hotels, and community organizations are most impacted.

More than 30,000 jobs in Berkeley might be impacted and 27 percent² of workers who live in Berkeley are at high risk of losing their jobs. The California Budget and Policy Center suggests that this pandemic may impact nearly 1.2 million non-farm jobs in the Oakland-Hayward-Berkeley Metro Division. The jobs hardest hit by social distancing measures are in the tourism, hospitality, and retail industries, which make up an estimated 23 percent of the region's private sector jobs. Based on this data, we estimate that Berkeley's share of jobs impacted relative to its population is roughly 31,000 jobs out of Berkeley's total 70,000 jobs. However, that number could be higher due to the relatively high concentration of jobs in Berkeley, including more than 23,000 jobs at the University of California, Berkeley (UC Berkeley).

The closure of UC Berkeley will significantly impact the local economy. UC Berkeley employs over 23,000 people and brings about 43,000 students to Berkeley during the academic year. University staff and students contribute significantly to the local economy. UC Berkeley has cancelled in-person classes starting March 10 and extending through the summer. As of April 10, about 6,000 or 86 percent of students in residence halls have moved out, and more students in non-university housing have also left Berkeley. If the pandemic requires closures to continue into the next academic year, businesses that count on income from university students and staff could suffer and sales and use tax revenue will decrease. As of April 21, 2020, enrollment numbers for the 2020-2021 academic year are still uncertain.

The pandemic is disproportionately impacting low income workers and vulnerable populations. The California Budget and Policy Center estimates that lower paid

KEY TAKEAWAYS

Shelter-in-place orders will have most impact on low income residents, small businesses, hotels, and community organizations.

- In Berkeley, business closures may affect roughly 30,000 jobs and unemployment may reach 27 percent or more.
- The pandemic is disproportionately impacting low income workers and vulnerable populations.
- Berkeley's cultural identity is at risk as businesses and arts organizations struggle financially.

This unprecedented downturn is different from the Great Recession.

- This economic downturn is more volatile because it is tied to the COVID-19 public health risk.

Impact to federal and state economies may reduce funding to Berkeley.

- Without federal aid, state and local governments will be stretched to address unmet needs.
- Many California workers most impacted are in lower paid occupations.

² Based on an analysis in a April 2020 report by Economic Roundtable: <https://economicrt.org/wp-content/uploads/2020/04/In-Harms-Way.pdf?referringSource=articleShare>

occupations are hit hardest, having a greater financial impact on low income Californians with little to no savings. Others estimate that the negative financial and health effects will hit hardest for people of color, undocumented workers, seniors, unhoused residents, people in abusive households, and frontline workers in healthcare, transit, delivery, and grocery services.

The pandemic puts Berkeley's cultural identity at risk as businesses and arts organizations struggle financially. The small businesses, restaurants, arts and culture organizations, and nonprofits that make up Berkeley's cultural identity may lack the financial resources to continue to employ staff or operate during and after the shelter-in-place order. About one in five small businesses and nonprofits in Berkeley applied for aid from the Berkeley Relief Fund, illustrating the intense level of need. The Berkeley Downtown Association predicts that ongoing need for social distancing even after the shelter-in-place order is lifted will greatly impact arts and other community organizations whose work includes bringing people together.

The City of Berkeley is in a better fiscal condition to weather a recession than it was during the Great Recession. The City created a reserve, which currently has a balance of about \$36 million. The City is also sufficiently liquid in terms of its investments. According to the Finance Director, if the City manages its revenues and expenditures prudently, which will require making some difficult decisions about tradeoffs, it should be able to weather the impacts of the economic downturn.

Despite impact to many local businesses, Berkeley's diverse economic base is an advantage. Employers in Berkeley represent a diverse range of industries, including manufacturing, healthcare, higher education, research, and retail. Not all will experience the same consequences or severity of setbacks. This will aid Berkeley's local economy in weathering and recovering from the pandemic.

This unprecedented economic downturn is different from the Great Recession.

This situation is more volatile because the public health risk is driving when and how the economy will reopen. The severity of economic impact from the COVID-19 pandemic is still unknown, but unlike the Great Recession, virus transmission risk will determine when and how long businesses need to stay closed to promote social distancing, ensure adequate healthcare system capacity, and save lives. Public health experts say this pandemic may have multiple waves and require ongoing shelter-in-place orders and social distancing until an effective vaccine is developed. Governor Gavin Newsom has stated that the decision to lift the shelter-in-place order will be determined by California's ability to prevent additional outbreaks and mitigate the impact on vulnerable populations, among other public health measures.

California may face revenue reductions 1.5 times greater than during the Great Recession. Moody's Analytics estimates that state revenue losses could exceed losses during

the Great Recession, and in a shorter timeframe.

The combination of economic impact and public health risk increases overall risk for vulnerable populations. Past policy decisions at the state level resulted in greater reserves and stronger public programs to help residents. However, many residents are still vulnerable to health and economic impacts, particularly those who are uninsured or will not receive economic benefits from the federal relief bills.

There is no unified federal leadership on the nation's healthcare response. Public health responses vary by state and city. To the extent that other regions become hotspots of infection and travel remains unrestricted, regional efforts to contain the virus may be hampered. Governor Newsom is coordinating with other western states to mitigate this risk.

This economic shock is expected to hit the service, retail, and hospitality industries harder than it did in the Great Recession. These sectors are seeing immediate impacts as businesses in the service, retail, and hospitality industries close to comply with the shelter-in-place orders.

The spike in unemployment is more abrupt and spread across different employment sectors. As of April 21, 3.1 million California residents have filed new claims for unemployment insurance since the Governor issued a shelter-in-place order on March 19. This far exceeds the totals during the Great Recession, when most retail and restaurants were not affected as quickly or severely. To put these numbers in perspective, more people have filed for unemployment claims in the last four weeks nationwide than the total number of jobs created since the Great Recession, and these numbers will most surely continue to increase.

Impact to federal and state economies may reduce funding to Berkeley.

The U.S. economy is headed toward a recession or even a depression, which will affect state and local revenues. While much is still uncertain, economists agree that the U.S. will experience a recession, or even a depression.³ As of April 20, nearly all Americans are ordered to stay at home except to address essential needs. Business closures are expected to continue in many parts of the country through much of May, possibly longer. March 2020 saw the worst stock market performance since the Great Recession. Unemployment has increased rapidly with a record-breaking 20 million people filing for unemployment insurance in four weeks. The week ending in April 4 saw the highest unemployment rate on record.

Federal lawmakers passed a COVID-19 response bill that appropriated significant

³ A *recession* is a downtrend in the economy that can affect production and employment, and produce lower household income and spending. The effects of a *depression* are much more severe, characterized by widespread unemployment and major pauses in economic activity. Recessions can also be more localized while depressions can have global reach. Source: Merriam-Webster

funding for individuals and small businesses. However, many workers are not eligible for these benefits, including recent college graduates with no earnings history, newly self-employed workers who have not filed their taxes, and undocumented workers. Similarly, some small businesses have reported barriers in applying for the special relief loans included in the bill, and the New York Times reported that businesses owned by people of color may face disproportionate barriers in securing loans due to systemic disparities in banking relationships. Further complicating things, as of April 16, the small business loan fund is now exhausted and no more loans will be forthcoming without additional congressional authorization. Sufficient funds for small businesses could be a continual problem over time, depending on the direction of future federal action.

California is in a relatively strong position to face a recession, but the cost of protecting public health will put significant pressure on the state's budget. The California Legislative Analyst stated that California's recession has begun and that demand for government services is increasing as revenues are falling. State legislators authorized the use of \$1.1 billion from the general fund to pay for public health expenses and to assist homeless residents and other vulnerable populations in preventing illness. The state's Department of Finance has forecasted that COVID-19 will require California to spend an additional \$7 billion, and that the fiscal effects of the pandemic will be immediate and last into fiscal year 2021. Moody's Analytics conducted a stress test on state budgets to determine states' capacity to absorb the economic shock resulting from the pandemic. The stress test found that California may face revenue reductions of about 19 to 23 percent depending on the duration of the state's shelter-in-place order.⁴ California is listed among 12 states that have most, but not all, of the reserves they need to handle a recession. California has \$21 billion in reserves and rainy day funds, but the state's budget shortfall will likely exceed reserves. State law requires California to pass a budget with no deficit, so budget cuts will be necessary to pass the budget in June 2020. These cuts will likely result in cuts to funding for local governments to provide services unless additional federal aid becomes available.

Unless future federal relief includes individuals excluded from previous aid bills, it may fall to state and local governments to address their unmet needs. To address this issue, the U.S. House of Representatives introduced a new federal relief bill with provisions to allocate \$250 billion in direct federal aid to local governments with a population of less than 500,000 as they face the mounting challenges related to the pandemic. Whether the bill will pass and whether the funds will be allocated to state and local governments remains to be seen. As of April 20, that bill is still pending, and city staff will monitor its status.

Many California workers most impacted are in lower paid occupations. As of April 15, California saw an unprecedented 2.7 million new unemployment insurance claims in the previous four weeks. The Legislative Analyst's Office stated that unemployment statewide has

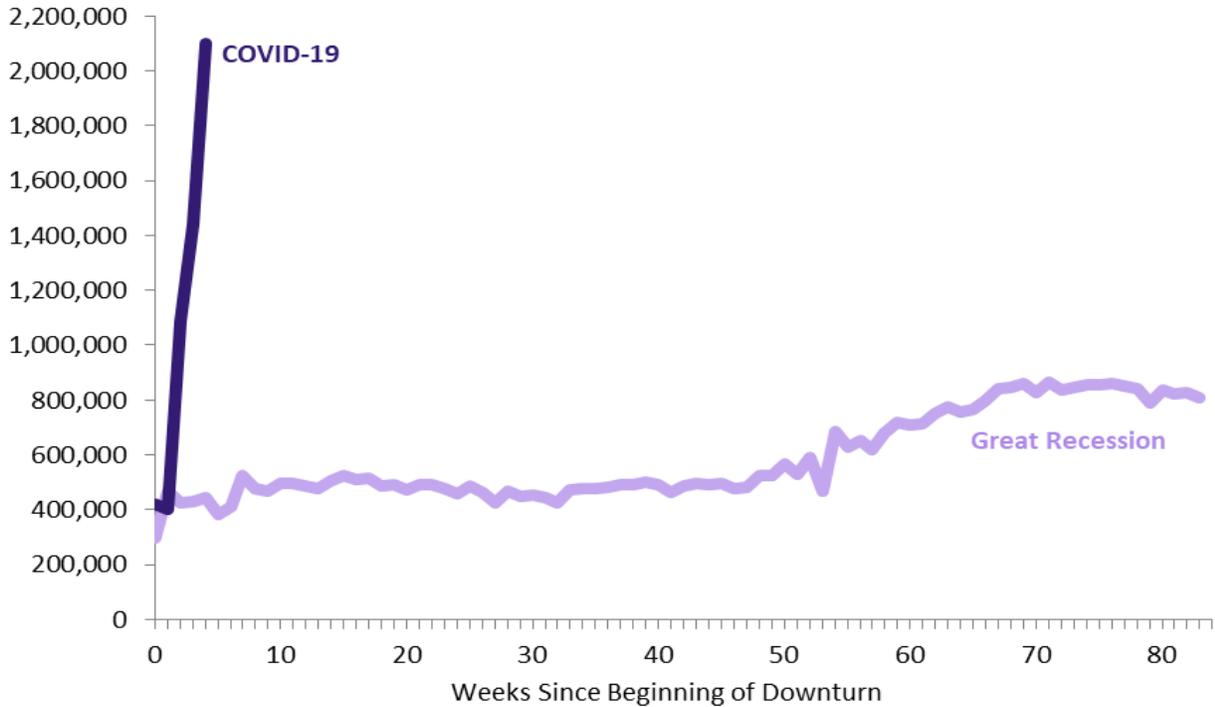
⁴ The estimated revenue reductions assume that the state will experience moderate stress in the form of a deep recession in the first half of 2020 followed by modest rebound and a peak jobless rate of 13 percent in the second quarter of 2020. There is a possibility of a more severe economic stress scenario if travel and business restrictions last into the third quarter of 2020 and the jobless rate reaches 17 percent.

already far exceeded peak unemployment during the Great Recession (see Figure 1). Many of these job losses will be in sectors hardest hit by the closures to comply with shelter-in-place orders, including restaurants, hotels, transportation, retail, and hospitality.

Figure 1. California's Unemployment caseload indicates unprecedented unemployment statewide.

Unemployment Caseload Now More than Double the Worst of the Great Recession

Total number of workers with active claims for unemployment benefits



Source: Legislative Analyst's Office report: <https://lao.ca.gov/LAOEconTax/Article/Detail/452>

Impact on Berkeley's Revenues

The economic shock will affect many of Berkeley's revenue streams, but the total impact is uncertain.

The City's main sources of revenue are expected to decrease, including sales and use tax, revenue from business licenses, transient occupancy tax, parking fines, and property transfer tax. Berkeley budgeted for revenues of \$489.4 million in fiscal year 2020 and \$495.9 million in fiscal year 2021. In the short-term, sales and use tax is likely to decline significantly due to the sudden and extended closure or limited operation of restaurants and retail businesses (see Table 1). Many businesses, especially restaurants, are at risk of closing permanently, which would affect sales and use tax revenue over time. Berkeley may feel this impact more deeply than other California cities because restaurants make up 25 percent of the sales and use tax base compared to 16 percent statewide. However, Berkeley's diverse sales and use tax base may buffer the City from more severe impact as not all businesses are experiencing the same decline in sales.

Any impact the pandemic may have on real estate values will affect property taxes and property transfer taxes. Some analysts estimate that impacts on property values may mirror the Great Recession to some extent. Due to local real estate value assessment practices, property taxes reflect values from one or more years before the taxes are collected. Consequently, Berkeley will experience any impacts to property and property transfer taxes in future years depending on the severity of the downturn. The table below highlights a selection of revenue sources likely to be most affected by the economic downturn. These revenue sources account for more than two thirds of Berkeley's budgeted general fund revenues.

Some funding to support unhoused residents may decrease, but not right away. Berkeley voters passed measures P, O, and U1 to fund affordable housing, provide services to homeless adults and youth, and assist in housing retention and rapid rehousing for unhoused residents, respectively. Measure U1 is tied to property taxes, and Measure P is tied to property transfer taxes. Initiatives funded by these measures will likely see less funding to the extent that the

KEY TAKEAWAYS

The economic shock will affect many of Berkeley's revenue streams, but the total impact is uncertain.

- The City's main sources of revenue are expected to decrease, including sales and use tax, revenue from business licenses, transient occupancy tax, parking fines, and property transfer tax.
- Impact on property tax and property transfer tax revenue will be more gradual and depend on how the pandemic affects property values.

Federal and state funding will cover some COVID-19 response but will likely not completely make up for lost revenue.

- This situation is more volatile because economic activity is tied to the COVID-19 transmission rate.

Financial experts suggest that cities use multiple scenarios to forecast revenue losses.

- Without additional federal aid, state and local governments will be stretched to address residents' unmet needs.

pandemic affects property values and sales. Measure O is funded through municipal bonds and the City's Finance Director does not foresee an impact to those funds at this time.

Table 1. Selected Revenues Most Impacted by COVID-19, Fiscal Year 2020

Revenue Source	% of General Fund	Potential Impact ⁵	Estimated First Impact ⁶
Property Tax (Real and Unsecured)	34%	This revenue was relatively stable during the Great Recession, and is likely to change to the extent that COVID-19 affects the housing market and property values. This impact will likely be moderate rather than severe.	12+ months
Sales and Use Tax	10%	Berkeley's sales and use tax will decline significantly with restaurants and many other businesses closed or scaled back. This impact will be multiplied if COVID-19 forces UC Berkeley to extend online classes into the fall and staff, faculty, and students are not spending money at Berkeley businesses. However, sales tax revenue is able to recover more quickly than other taxes.	Immediately
Business License Tax	10%	Business licenses are taxed based on a percentage of the previous year's gross receipts. Businesses that close permanently or take in less money this year due to closure required by public health officials will likely pay less taxes in the following fiscal year. This revenue will likely decrease by about 10-15 percent over the next 2 fiscal years.	12+ months
Property Transfer Tax ⁷	6%	During the Great Recession, property transfer taxes declined by 51% between 2007 and 2009, and did not return to pre-recession totals until 2016. This revenue will likely not be lost, but deferred until real estate sales resume after the shelter-in-place order is lifted.	12+ months
Transient Occupancy Tax	4%	Hotel Tax revenue remained relatively flat during the Great Recession. However, tax revenue will decline now as the shelter-in-place order affects occupancy.	Immediately
Parking and Moving Violations	4%	Berkeley has relaxed parking enforcement to promote social distancing. Revenue is likely to decline as a result.	Immediately

Sources: The City of Berkeley's Adopted Budget Book for Fiscal Years 2020 and 2021, auditor analysis, and estimates by the League of California Cities

Projected revenue from taxes that increase based on growth in the consumer price index (CPI)⁸ may now be overestimated. Berkeley's budget for fiscal years 2020 and 2021 assumes that revenues for the following taxes will reflect an increase in CPI: Emergency Services for the Disabled Tax, Library Tax, Parks Tax, and the Measure GG Fire Services and Disaster Preparedness Tax. The City budgeted for a CPI increase of 3.32 percent annually over the next

⁵ Auditor analysis based on estimates by the League of California Cities.

⁶ "Immediately" refers to the April-

⁷ Tax on the sale of real estate property.

⁸ The U.S. Bureau of Labor Statistics defines CPI as "a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services."

five years, but that may now change. CPI decreased to about 0.8 percent in 2009 during the Great Recession. Depending on the length and severity of this economic downturn, CPI could hold steady or decline in 2021 resulting in less revenue from these tax funds than previously estimated.

Federal and state funding will not completely cover the anticipated revenue shortfall. Berkeley receives about \$34 million in grant funding, and about half of Berkeley's public health funding in fiscal year 2019 came from government grants. Researchers at Moody's Analytics estimate that California may face revenue reductions of approximately 19 to 23 percent compared to 10 percent during the Great Recession. Such severe budget shortfalls may affect availability of funding to Berkeley to provide services unless additional federal aid becomes available.

Some actions the City has taken to assist small businesses and residents will also affect revenue. The City has allowed customers of commercial refuse services to reduce or temporarily stop service and allowed businesses that have loans with the City to defer loan payments. Additionally, revenue from parking fees and enforcement will decrease as the City has stopped charging fees at parking meters and has stopped parking enforcement except for violations with safety risks.

Revenue reductions could put more pressure on the ongoing Marina Fund deficit. Prior to COVID-19, the costs to operate the Berkeley Marina exceeded berth rentals and lease revenue by about \$1 million. The City's most recent budget noted that without revenue and expenditure balancing measures, the Marina Fund would exhaust its reserves by 2021. Any increases to personnel costs and decreases in revenue due to COVID-19 will further deplete reserves and increase the deficit.

Federal and state funding will cover some COVID-19 response costs but will likely not completely make up for lost revenue.

Some funding from the \$2 trillion COVID-19 relief bill is allocated to assist states in responding to the crisis, but it will be up to states whether to disburse any of those funds to local governments. The bill will allocate about \$10 billion in block grants to California, and Governor Newsom stated that \$4.5 billion would go directly to local governments. There are no details yet about when that will happen or how much Berkeley will receive. The bill allows jurisdictions with populations over 500,000 people to receive aid, but Berkeley's population falls short. Federal legislators are currently considering an additional relief bill that would include provisions to dedicate aid specifically for local governments. It is unclear if cities will be allowed to use those funds to make up for lost revenue. Government finance experts we interviewed stated that the total aid Berkeley receives is unlikely to completely cover the cost of responding to COVID-19 and other lost revenue.

The City of Berkeley is eligible for reimbursement for some COVID-19 response activities. Reimbursable activities include increased disinfecting of public spaces, responding to medical calls, providing overflow capacity to overwhelmed hospitals, and communicating health guidance to residents. Funding may also reimburse some staff costs associated with the response to the COVID-19 pandemic, distribution of personal protective equipment and supplies, and increased security and law enforcement. The largest amount of funding is likely to come from the Federal Emergency Management Agency's Public Assistance program. At this time, there is no funding dedicated to reimburse cities for reduced revenues due to shelter-in-place orders.

California has granted \$100 million to help protect the health and safety of people experiencing homelessness during the COVID-19 pandemic.⁹ Berkeley is likely to receive some portion of this funding as reimbursement for costs to provide COVID-19-related services to unhoused people. Other funding from state agencies directed to Berkeley's costs to respond to COVID-19 have not been released.

Financial experts suggest that cities use multiple scenarios to forecast revenue losses.

This pandemic-induced economic downturn is unprecedented, and its duration and severity are uncertain. Finance and government experts we interviewed stated that, at this early point in time, the closest cities can come to forecasting how the COVID-19 pandemic may impact local revenues is to plan for moderate and severe revenue shortfalls and moderate or long economic recoveries. Those models can be updated as more information about public health risk becomes available and federal and state policies respond to the pandemic. Some examples of scenarios that may be useful for Berkeley to consider include the following types of economic impact:

- “V-shaped” deep decline and relatively faster recovery--prior epidemics have caused “V-shaped” impact, but COVID-19 is a larger global pandemic and has affected more of the global economy
- “U-shaped” deep decline and relatively longer recovery
- “L-shaped” deep decline and longer recovery
- “W-shaped” decline and recovery followed by second decline if there is a second wave of COVID-19

City staff are working to develop revenue loss projections, but those numbers are not yet available. It is especially challenging to project revenue shortfalls because many factors, such as the duration of the shelter-in-place order and the availability of federal and state funding, are subject to change depending on the severity of the COVID-19 outbreak. Providing updates regularly with revised projections can help with planning and adjustments to the plan.

⁹ Alameda County has been allocated \$1.4 million. These funds will be available to the county once it depletes its current emergency budget.

Impact on Berkeley's Expenditures

The COVID-19 outbreak may increase demand for city services in the short- or long-term, leading some expenditures to increase even as the overall budget decreases.

Some expenditures will increase depending on the severity of the COVID-19 outbreak. The costs of running emergency operations and protecting public health will continue to increase in proportion to the rate of transmission in Berkeley and the Bay Area. In addition to safeguarding the community, the City can take comprehensive action now to contain the virus and reduce transmission, and maintain those measures until the virus is contained.

Berkeley is facing some immediate increases in costs to protect public health and welfare. These costs include city actions to communicate safety guidelines to the public, distribute supplies, assist unhoused residents, and increase sanitation measures. The total cost of these interventions will be directly related to the duration and severity of public health risk. Other immediate expenditures include relief to small businesses, community organizations, and renters. City Council established the Berkeley Relief Fund and allocated \$3 million for emergency relief grants to small businesses, nonprofit arts organizations, and residential tenants that are hardest hit by the COVID-19 pandemic. This fund provides grants to small businesses up to \$10,000, which will provide some relief. However, if COVID-19

Berkeley has taken immediate action to protect the community from COVID-19 including, but not limited to:

- Setting up a COVID-19 testing site for vulnerable community members, including those without access to health care as well as firefighters, nurses, police officers, and other essential City employees
- Convening a task force of staff from Berkeley Fire and Public Health to help skilled nursing and long term care facilities to limit the spread of COVID-19 and prepare for an outbreak
- Placing unhoused residents living in shelters into hotel rooms
- Increasing sanitation capacity at homeless encampments

KEY TAKEAWAYS

The COVID-19 outbreak may increase demand for city services in the short- or long-term, leading some expenditures to increase even as the overall budget decreases.

- Some expenditures will increase depending on the severity of the COVID-19 outbreak.
- COVID-19 will likely increase the cost to provide health insurance and retirement contributions for city employees.

Finance and budget experts we consulted recommend best practices for making decisions about reducing expenditures.

- Prioritize public health and safety, as well as community value in making decisions about cuts.

Proper planning is crucial in using reserves to make up for lost revenue.

- Berkeley is fortunate to have a reserve fund, giving the City more flexibility during economic downturns.

risks persist for many months, a year, or more, the needs of these businesses and organizations will outstrip the fund's resources.

COVID-19 will likely increase the cost to insure city employees. Covered California estimates that healthcare costs directly related to COVID-19 may cause 2021 health insurance premiums to increase by up to 40 percent nationwide. To recoup those costs, insurers will likely pass on this increase to employers, who may pass those costs to employees. Before COVID-19, Berkeley budgeted for a projected rate increase of only 12 percent in fiscal year 2021.

Potential longer term expenditure increases include contributions to employee retirement benefits. The City of Berkeley and its employees pay into the California Pension Employees Retirement System (CalPERS), which lost \$69 billion of its \$404 billion fund balance due to the economic downturn in March. City and employee contributions may increase in the future to make up for the lost value, as they did following the Great Recession. This increase is in addition to an existing \$665 million in unfunded liabilities related to employee retirement benefits.¹⁰ CalPERS may recover some of this value as stock market values rebound. Moody's Investors Service estimates that the U.S. pension systems are on track to see investment losses of about 21 percent for fiscal year 2020. However, this is only one estimate and the impact could vary depending on the severity and duration of the economic downturn.

Berkeley is taking steps to reduce expenditures and prioritize essential services. The City Manager asked department directors to look at budgets to identify non-essential and non-urgent expenditures that can be reduced or deferred. As of writing, city management is developing a balanced budget which incorporates the impacts of the COVID-19 pandemic to ensure the City can meet essential community needs and mitigate the effect of reduced revenue.

Finance and budget experts we consulted recommend considering the following in making decisions about reducing expenditures.

The considerations below summarize considerations we gathered from finance experts and government officials. We offer these practices and concepts that may be useful for Berkeley to consider in navigating the financial challenges of COVID-19. We suggest that this work be done quickly but thoroughly to yield maximum savings. Other cities in the Bay Area and across the state are already experiencing severe economic consequences and are considering or taking some of the steps listed below. Please note that these considerations do not constitute specific audit recommendations.

¹⁰ *Unfunded liabilities* are financial obligations for which an organization does not have sufficient resources to cover if all obligations were immediately due. According to a March 2019 Council report, Berkeley also has about \$786 million in unfunded liabilities related to infrastructure.

General

- Prioritize public health and safety, as well as community value, in making decisions about cuts rather than applying cuts across the board.
- Ensure social equity in decisions about using city resources to support the community by considering the full range of needs, from small businesses, to residential renters, to community service agencies that provide critical services to the City's most vulnerable residents. Evaluate the need to address community needs comprehensively, rather than on a one-at-a-time basis, so that city resources are distributed fairly and in proportion to the level of need.
- Federal and state funding will help Berkeley pay for activities to protect public health and respond to the COVID-19 pandemic. It will be important to monitor emerging funding opportunities and leverage government membership associations to collectively advocate for increased federal and state aid.
- It is also important to plan for total federal and state aid to fall short of Berkeley's overall need. It will be necessary to coordinate use of Berkeley's resources to provide support in areas that are not supported by federal and state funding. The City will need to consider supporting not only small businesses, but also Berkeley's community agencies. These organizations serve as safety nets for our most vulnerable residents by connecting them to food, healthcare, housing, and other essential resources critical to staying safe during a pandemic.
- It is important to consider both short-term expenditures to protect public health and provide essential services, and longer-term expenditures that may be needed to prepare Berkeley for swift economic recovery.
- Managing the influx of reimbursement programs and other possible future funding opportunities from the federal and state government can be challenging and resource-intensive. Much of this will require Berkeley to recover these costs from the federal and state sources. Investing in adequate staffing to manage the processes and maintain fiscal accountability requirements is a key consideration for reducing Berkeley's personnel expenditures.
- Conduct an assessment of all expenditures to determine whether they can continue, including an assessment of whether deferment is possible for new and ongoing projects that are not essential at this time.

Personnel

- Make every effort to avoid layoffs to prevent further unemployment.
- Implement a hiring freeze with a process for exceptions and flexibility for essential service roles.
- Consider approaches that would allow flexibility to defer wage increases if revenues fall short of a certain threshold.
- Consider the need for administrative support for the City's disaster cost recovery efforts when making any changes to staffing.

- Consider increased technology and operational costs for remote work if the shelter-in-place order continues into the future.
- Estimate the increase of healthcare costs associated with the continued response to the COVID-19 pandemic.
- In the event that the budgetary impact is so severe that furloughs and layoffs are considered necessary, prioritize community needs in deciding which positions to cut rather than across-the-board staff reductions. This could include a community needs assessment that evaluates the community value of positions at all levels. It could also include implementing voluntary separations for non-essential staff based on the outcomes of the community needs assessment.
- Consider maintaining the administrative support needed to monitor and manage services provided to the community, including support to community agencies.

Capital development and outlay

- For new capital projects, assess which ones may be deferred with minimal impact on community wellbeing. Remember that for affordable housing development and other projects funded by property taxes, these funding streams may not be affected in the next one to two fiscal years.
- Assess which large purchases can be deferred and which equipment and vehicles may be replaced when funding is more stable.

Proper planning is crucial in using reserves to make up for lost revenue.

Berkeley is fortunate to have a reserve fund, giving the City more flexibility during economic downturns. Experts we spoke with advised taking a long-term, multi-year view to spending reserves so that funds are available for the duration of the economic downturn. Berkeley's General Fund Reserve Policy provides some guidance but is limited on specific details on how to use the reserves. The reserves are made up of the Stability Reserves and the Catastrophic Reserves and cannot be used for new programs or projects. Stability Reserves are to be used to maintain fiscal stability to address unexpected shortfalls, while Catastrophic Reserves are for maintaining operations in the case of a public emergency.

Experts we spoke with advised taking a long-term view in spending reserves so that funds will be available for the duration of the downturn. The following points reflect other best practices for considering when and how to use reserves in an economic downturn.

- **It is most beneficial to use reserves as part of a plan with defined end dates and a specific goal.** The COVID-19 pandemic may come in multiple waves and require repeated shelter-in-place orders to control transmission and protect public health. Without a reliable estimate of when or how the economy will begin to recover, Berkeley

should be cautious about how much to spend to make sure there are enough reserves to pull the City through a protracted economic downturn.

- **Do not rely solely on reserves, but use them in combination with other measures to reduce expenditures and mitigate revenue loss.** As part of having a reserves plan, diversifying the response to revenue shortfalls rather than depleting reserves may put Berkeley in a better financial position to weather a protracted downturn and recover after the pandemic. A first step is to assess the funding needed for essential services. A second step is to make critical decisions about what needs to be reduced that is not critical. Reserves can then be used to offset the funding gap to maintain core responsibilities of preserving life safety and health of Berkeley residents, protecting our most vulnerable residents, and maintaining the character of our community.
- **It can be helpful to develop multiple scenarios with specific criteria for when and how much of the reserves can be used.** For example, if revenues fall below a certain threshold for a certain amount of time, and other identified revenue sources are exhausted, the City will use a specified amount of general funds and the reserves to cover essential costs. In addition, the City has not set a limit for using its reserves unlike the state's policy of only being able to use 50 percent of the reserves during the first year of a declared budget emergency. The City can consider a similar approach if it estimates the economic impacts to be lengthy and will need the reserves to last over a longer period of time.

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Mission Statement

Promoting transparency and accountability in Berkeley government.

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Office of the City Manager

INFORMATION CALENDAR
March 10, 2020

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Henry Oyekanmi, Director, Finance Department
 Subject: FY 2019 Fourth Quarter Investment Report: Ended June 30, 2019

SUMMARY

The City's investment policy requires that a quarterly investment report be submitted to the City Council on the status of the investment portfolio. The report includes all investments managed by the City of Berkeley and provides information on the types, values (par, book, and market), term, and yield of each security.

- The return on pooled investments for the quarter ended June 30, 2019 was 2.27% or .17% less than the 2.44% earned by the State Local Agency Investment Fund (State LAIF), which is the benchmark for investment performance used by the City. The return on pooled investments of 2.27% for the quarter ended June 30, 2019 was 7.5 basis points more than the rate of 2.195% earned in the quarter ended March 31, 2019.
- The average return on all Retiree Medical Trust Fund investments was 3.639% for the quarter ended June 30, 2019.

CURRENT SITUATION AND ITS EFFECTS

Attached is a summary of quarterly reports for fiscal year 2019 Fourth quarter ending June 30, 2019 representing the status of the City's investment portfolio. The report includes all investments managed by the City of Berkeley and provides information on the values (par, book, and market), term, and yield of each security.

Summary information by type of security and detailed information on each security is provided on Exhibit 2-A. An evaluation of portfolio performance for this accounting period compared to the previous three accounting periods is also included in Attachment 1.

A. Portfolio Results

As a result of the differences in the investment policies of different cities, including responsible investing policies, maturity restrictions, investment restrictions, etc., it was difficult for the City of Berkeley to come up with a reasonable performance measure for pooled cash investments. In order to provide some measure of the relative performance of the City's investment returns, many years ago the City established the State Local Agency Investment Fund (LAIF) as the performance measure to be reported in the quarterly investment reports, since many local governments invested significant portions of their investment portfolios in LAIF.

LAIF was intended to be a reference point to compare the City's investment performance against, rather than a true performance measure, since most cities typically earn a yield higher than LAIF during normal interest rate environments, and because LAIF's average maturity of its investments is generally shorter than most cities. As a result, past City Councilmembers requested that information about the rates earned by other California cities be included in the quarterly investment reports for comparison purposes, despite the differences in the investment policies of the various cities.

At the present time, the interest rate environment is far from being normal. On June 19, 2019, the Federal Funds rate range, which is the most important measure of short-term interest rates, was at 2.25%-2.50%, which was significantly higher than the 2-year Treasury (1.74%), the 5-year Treasury (1.77%), the 10-year Treasury (2.03%), and nearly as high as the 30-year Treasury (2.54%). This environment is highly unusual, and currently results in portfolios with shorter average maturities outperforming portfolios with long-term maturities, which is the opposite of performances in a normal interest rate environment.

1. Liquidity of Portfolio:

The average investment in the pooled portfolio matured in 915 days as of June 30, 2019. This is 202 days more than the 713 maturity days of as of March 31, 2019.

2. Comparison of Results to Performance Measures – Pooled investments: Quarter Ended June 30, 2019

The City's yield on investments for the quarter ended June 30, 2019 was 2.27%, an increase of 7.5 basis points (.075%) from the 2.195% earned during the quarter ended March 31, 2019. The average yield on a 90-day Treasury bill at the end of the quarter ended June 30, 2019 was 2.087%, a decrease of 29.4 basis points (.294%) from the 2.381% at the end of the previous quarter.

As summarized in Table 1, staff's overall results fell short of the performance measure for the quarter by 17 basis points (.17%). Staff's performance was under the performance measure in April by 27.3 basis points (-.273%); under the performance measure in May by 17.8 basis points (-.178%); and, was under the performance measure in June by 6.2 basis points (-.062%). The performance measure for the return on investments is compared to the rate of return of the State LAIF.

Table 1

For Quarter Ending June 30, 2019			
Period	City	State LAIF	Difference
April-19	2.172%	2.445%	-0.273%
May-19	2.271%	2.449%	-0.178%
June-19	2.366%	2.428%	-0.062%
April-June 19	2.27%	2.44%	-0.170%

3. Investment Results-Retiree Health Insurance Funds:

Average interest rates earned on the retiree health insurance trust funds for the quarter ended June 30, 2019 compared to the quarter ended March 31, 2019, were as follows:

Table 2

EARNED INTEREST RATES		
For Quarter Ended 3/31/2019 Compared To 6/30/2019		
Trust Fund	3rd Qtr 03/31/19	4th Qtr 6/30/19
Retiree Medical Trust Fund (Misc Employees)	4.267%	3.932%
Fire Retiree Medical Trust Fund	3.566%	3.580%
Police Retiree Medical Trust Fund	3.443%	3.405%

The rates earned on these plans will continue to drop slightly over the next few quarters as staff reinvests the proceeds of maturing securities at lower rates.

Details related to retiree health trust fund investments are in Attachment 3, Exhibits 3-A, 3-B, and 3-C of this report.

B. Discussion of Interest Rate Environment and Outlook

On June 19, 2019 the Federal Open Market Committee issued its statement on the economy and interest rates:

Information received since the Federal Open Market Committee met in May indicates that the labor market remains strong and that economic activity rose at a moderate rate. Job gains have been solid, on average, in recent months, and the unemployment rate has remained low. Although growth of household spending appears to have picked up from earlier in the year, indicators of business fixed investment have been soft. On a 12-month basis, overall inflation and inflation for items other than food and energy have declined and are running below 2 percent. Market-based measures of inflation compensation have declined; and survey-based measures of longer-term inflation expectations are little changed.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability.

The Committee continues to view sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective as the most likely outcomes, but uncertainties about this outlook have increased. In light of these uncertainties and muted inflation pressures, the Committee will closely monitor the implications of incoming information for the economic outlook and will act as appropriate to sustain the expansion, with a strong labor market and inflation near its symmetric 2 percent objective.

Yield Trend

In support of the above goals, the Committee decided to maintain the target range for the federal funds rate at 2-1/4 to 2-1/2 percent.

In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its maximum employment objective and its symmetric 2 percent inflation objective. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments.

In the current interest rate environment, staff expects returns in FY 2020 to be about the same as those returns earned in FY 2019. Also, the City's rate earned is expected to be about the same as the City's benchmark (State LAIF) and the City's return to be comparable to rates earned by most other cities in California. A sample of rates earned by Northern and Southern California cities is reflected in table 3 below (previously only Northern California cities were included):

Table 3

Other California Cities Earned Interest Rates	
For the Quarter Ending June 30, 2019	
City	Rates Earned
Sacramento	2.57%
San Francisco	2.45%
San Diego	2.45%
Oakland	2.42%
Palo Alto	2.38%
San Jose	2.35%
Berkeley	2.27%
Los Angeles	2.21%
Riverside	2.13%
Santa Monica	2.05%

The City's investment strategy will continue to focus on (1) locking in reasonable rates on long-term investments, when opportunities for attractive rates present themselves and (2) matching of investment maturities to cash flow.

BACKGROUND

- Pooled Investments

Short-term cash is invested primarily in government sponsored enterprises (referred to as Federal Agency) notes and medium-term corporate notes for periods of one to five years. Additional cash is invested in a money market fund or overnight securities to meet the liquidity needs of the City.

In some cases, the City may have investments with a current market value that is greater or less than the recorded cost. These changes in market value are due to fluctuations in the market and have no effect on yield, as the City does not intend to sell securities prior to maturity.

- Retiree Health Trust Fund Investments

The City agreed to provide retiree Health insurance coverage for fire, police and miscellaneous employees under certain terms and conditions. An actuarial study commissioned by the City many years ago determined that, in addition to City Contributions, an average rate of return of 7% on miscellaneous employees trust fund assets invested must be achieved to fund the retiree health benefit at the desired 70% level. Primarily as a result of the Federal Reserve Board's decision to keep short-term rates near zero for the last 12 years, the average rate currently earned is significantly below that 7% level. City Finance Department staff manages these investment portfolios.

ENVIRONMENTAL SUSTAINABILITY

There are no identifiable environmental effects or opportunities associated with the subject of this report.

CONTACT PERSON

Henry Oyekanmi, Director, Finance Department, 981-7300

ATTACHMENTS

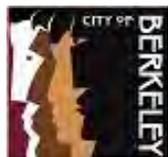
1. Portfolio Evaluation FY 2019
2. Investment Report Analysis FY 2019
 - a. Exhibit 2-A: Pooled Cash and Investments
 - b. Exhibit 2-B.1 through 2-B.3: Interest Earnings April 2019 – June 2019
 - c. Exhibit 2-C: Book Value By Investment Type
 - d. Exhibit 2-D: Current Holdings vs. Policy Limits
 - e. Exhibit 2-E: Investment Portfolio Trend
3. Summary of Pooled and Cash Investments FY 2019 –Trust Funds
 - a. Exhibit 3-A: Retiree Medical Trust Funds –Misc.
 - b. Exhibit 3-B: Retiree Medical Trust Funds –Fire
 - c. Exhibit 3-C: Retiree Medical Trust Funds –Police



Portfolio Evaluation
Quarter Ended June 30, 2019

Attachment 1

	Quarter Ending			
	June 2019	March 2019	December 2018	September 2018
Total Portfolio				
Pooled Cash and Investments (COB)	\$ 459,343,830	\$ 421,335,434	\$ 401,582,141	\$ 318,612,235
Pooled Cash and Investments (Trust)	<u>47,383,337</u>	<u>46,484,598</u>	<u>44,766,863</u>	<u>44,222,899</u>
Total Cash and Investments	<u>\$ 506,727,167</u>	<u>\$ 467,820,032</u>	<u>\$ 446,349,004</u>	<u>\$ 362,835,134</u>
Average Life of Investment Portfolio				
Pooled Investments (CoB)	915 days	713 days	716 days	656 days
Trust Investments	6.212 years	5.809 years	5.878 years	6.133 years
Weighted Yield				
Pooled Investments (CoB)	2.270%	2.195%	2.005%	1.870%
Trust Investments	3.639%	3.970%	3.772%	3.772%
Prime Rate	5.500%	5.500%	5.500%	5.250%
91-day Treasury Bill Rate	2.087%	2.381%	2.355%	2.196%
2-year Treasury Note Rate	1.755%	2.260%	2.488%	2.819%
Cash and Investments Maturity				
Within one year	\$ 298,391,854	\$ 273,797,880	\$ 210,359,453	\$ 110,849,998
Between 1 to 3 years	62,290,505	86,143,761	140,177,122	180,564,620
Between 3 to 5 years	72,075,845	76,234,240	54,854,262	35,945,816
Between 5 to 10 years	73,968,963	31,644,151	40,958,167	35,474,699
Over 10 years	-	-	-	-
Total	<u>\$ 506,727,167</u>	<u>\$ 467,820,032</u>	<u>\$ 446,349,004</u>	<u>\$ 362,835,134</u>
	100.00%	100.00%	100.00%	100.00%



City of Berkeley
Pooled Cash and Investments
As of June 30, 2019

CUSIP	Investment #	Issuer	Book Value	Par Value	Market Value	Current Rate	YTM/C 365	Maturity Date	Days To Maturity	Moody's Credit Rating
Certificates of Deposit - S & L										
254673RD0	14539	Discover Bank	250,000.00	250,000.00	257,100.00	3.300	3.300	07/05/2023	1,465	N/A
795450T47	14540	Sallie Mae Bank	250,000.00	250,000.00	257,095.00	3.300	3.300	07/03/2023	1,463	N/A
Subtotal and Average			500,000.00	500,000.00	514,195.00		3.300		1,464	
Medium Term Notes										
037833AK6	14536	Apple Inc	4,854,475.77	5,000,000.00	5,049,500.00	2.400	3.225	05/03/2023	1,402	AA1
084670BJ6	14542	Berkshire Hathaway	4,974,897.09	5,000,000.00	5,150,150.00	3.000	3.150	02/11/2023	1,321	AA2
20030NBN0	14563	Comcast Corp	5,075,848.15	5,000,000.00	5,229,500.00	3.375	3.099	08/15/2025	2,237	A3
233851CU6	14571	Daimler Finance	5,086,088.41	5,000,000.00	5,135,500.00	3.450	3.190	01/06/2027	2,746	A2
233851CU6	14574	Daimler Finance	3,836,963.56	3,725,000.00	3,825,947.50	3.450	3.000	01/06/2027	2,746	A2
24422EUM9	14554	John Deere Cap	5,068,636.82	5,000,000.00	5,287,050.00	3.650	3.300	10/12/2023	1,564	A2
375558BF9	14570	Gilead Sciences	5,158,722.96	5,000,000.00	5,278,750.00	3.650	3.117	03/01/2026	2,435	A3
49327M2X1	14560	Key Bank NA	5,024,487.84	5,000,000.00	5,131,450.00	3.300	3.100	02/01/2022	946	A3
540424AQ1	14555	Loews Corporation	4,870,229.13	5,000,000.00	5,042,050.00	2.625	3.350	05/15/2023	1,414	A3
589331AT4	14545	Merck & Co Inc	4,905,647.09	5,000,000.00	5,046,050.00	2.400	3.030	09/15/2022	1,172	A1
68389XAS4	14548	Oracle Corp	5,041,662.23	5,000,000.00	5,272,300.00	3.625	3.387	07/15/2023	1,475	A1
747525AT0	14564	Qualcomm Inc	4,966,215.11	5,000,000.00	5,078,900.00	2.900	3.049	05/20/2024	1,785	A2
Subtotal and Average			58,863,874.16	58,725,000.00	60,527,147.50		3.170		1,756	
Medium Term Notes - Callable										
05531FBF9	14561	BB&T Corporation	5,151,253.29	5,000,000.00	5,277,100.00	3.750	3.011	12/06/2023	1,619	A2
06406HBY4	14538	Bank of New York Mellon Corp	3,577,612.81	3,542,000.00	3,639,050.80	3.550	3.149	09/23/2021	815	A1
06406FAB9	14541	Bank of New York Mellon Corp	1,432,229.66	1,458,000.00	1,455,054.84	2.050	3.060	05/03/2021	672	A1
693475AV7	14557	PNC Financial Services	5,026,725.72	5,000,000.00	5,265,600.00	3.500	3.424	01/23/2024	1,667	A3
751212AC5	14566	Ralph Lauren	5,177,414.49	5,000,000.00	5,303,550.00	3.750	3.105	09/15/2025	2,268	A2
91159HHU7	14562	US BANCORP	5,269,741.58	5,000,000.00	5,432,000.00	3.950	2.848	11/17/2025	2,331	A1
Subtotal and Average			25,634,977.55	25,000,000.00	26,372,355.64		3.100		1,740	



City of Berkeley
Pooled Cash and Investments
As of June 30, 2019

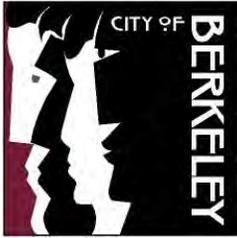
CUSIP	Investment #	Issuer	Book Value	Par Value	Market Value	Current Rate	YTM/C 365	Maturity Date	Days To Maturity	Moody's Credit Rating
Federal Agency Coupon Securities										
3133EKQT6	14572	Federal Farm Credit Bank	5,000,000.00	5,000,000.00	4,993,000.00	2.490	2.490	09/13/2023	1,535	AAA
3133EJAD1	14528	Federal Farm Credit Bank	10,000,000.00	10,000,000.00	10,041,900.00	2.150	2.150	12/23/2020	541	AAA
3130ADKF8	14529	Federal Home Loan Banks	15,000,000.00	15,000,000.00	14,997,450.00	2.100	2.100	01/30/2020	213	AAA
3130ADUB6	14533 T1	Federal Home Loan Banks	21,000,000.00	21,000,000.00	21,007,350.00	2.320	2.320	12/19/2019	171	AAA
3133EG7F6	14517	Federal Farm Credit Bank	5,000,000.00	5,000,000.00	4,994,550.00	1.750	1.750	02/16/2021	596	AAA
3133EHBA0	14520	Federal Farm Credit Bank	6,500,000.00	6,500,000.00	6,479,915.00	1.520	1.519	03/02/2020	245	AAA
3133EHQB2	14527	Federal Farm Credit Bank	9,001,000.00	9,001,000.00	8,952,034.56	1.550	1.549	07/06/2020	371	AAA
3130AAS82	14519	Federal Home Loan Banks	9,999,591.64	10,000,000.00	9,966,000.00	1.550	1.556	02/06/2020	220	AAA
3130ABTD8	14526	Federal Home Loan Banks	15,000,000.00	15,000,000.00	14,965,650.00	1.450	1.450	10/18/2019	109	AAA
3137EAEE5	14516	Federal Home Loan Mortgage Co	4,999,907.02	5,000,000.00	4,982,300.00	1.500	1.503	01/17/2020	200	AAA
3135G0T29	14521	Federal National Mortgage Assn	3,500,000.00	3,500,000.00	3,486,560.00	1.500	1.499	02/28/2020	242	AAA
3135G0T29	14522	Federal National Mortgage Assn	9,990,973.84	10,000,000.00	9,961,600.00	1.500	1.641	02/28/2020	242	AAA
Subtotal and Average			114,991,472.50	115,001,000.00	114,828,309.56		1.855		312	
Federal Agency Callable										
3130AFKR7	14550	Federal Home Loan Banks	5,000,000.00	5,000,000.00	5,068,650.00	3.100	3.100	12/28/2023	1,641	AAA
Subtotal and Average			5,000,000.00	5,000,000.00	5,068,650.00		3.100		1,641	
Federal Agency Continuously Callable										
3132X04Z1	14544	Farmer Mac	5,000,000.00	5,000,000.00	5,005,850.00	3.250	3.250	08/15/2023	1,506	N/A
31422BAR1	14553	Farmer Mac	5,000,000.00	5,000,000.00	5,017,200.00	3.230	3.230	12/27/2023	1,640	N/A
3133EGAW5	14504	Federal Farm Credit Bank	5,000,000.00	5,000,000.00	4,994,350.00	1.250	1.246	08/19/2019	49	AAA
3133EKJB3	14565	Federal Farm Credit Bank	5,000,000.00	5,000,000.00	5,001,650.00	3.040	3.017	07/23/2025	2,214	AAA
3133EKQZ2	14573	Federal Farm Credit Bank	5,000,000.00	5,000,000.00	4,989,450.00	2.370	2.370	12/17/2021	900	AAA
3130A7GZ2	14500	Federal Home Loan Banks	5,000,000.00	5,000,000.00	4,994,350.00	1.250	1.250	03/30/2021	638	AAA
3130A9YW5	14512	Federal Home Loan Banks	4,999,869.44	5,000,000.00	4,982,650.00	1.190	1.196	11/22/2019	144	AAA
3130AAJZ2	14513	Federal Home Loan Banks	3,742,500.00	3,742,500.00	3,734,191.65	1.750	1.750	04/27/2020	301	AAA
3134G7S77	14358	Federal Home Loan Mortgage Co	5,000,000.00	5,000,000.00	4,997,650.00	2.000	1.125	10/29/2020	486	AAA
3134GSVB8	14547	Federal Home Loan Mortgage Co	5,000,000.00	5,000,000.00	5,008,250.00	3.250	3.250	09/13/2023	1,535	AAA
3135G0S46	14514	Federal National Mortgage Assn	5,000,000.00	5,000,000.00	4,985,550.00	1.650	1.650	01/27/2020	210	AAA
3135G0S46	14515	Federal National Mortgage Assn	5,000,000.00	5,000,000.00	4,985,550.00	1.650	1.649	01/27/2020	210	AAA
3136G4LP6	14518	Federal National Mortgage Assn	5,000,000.00	5,000,000.00	4,990,900.00	1.800	1.800	08/28/2020	424	AAA
Subtotal and Average			63,742,369.44	63,742,500.00	63,687,591.65		2.067		798	



City of Berkeley
Pooled Cash and Investments
As of June 30, 2019

CUSIP	Investment #	Issuer	Book Value	Par Value	Market Value	Current Rate	YTM/C 365	Maturity Date	Days To Maturity	Moody's Credit Rating
Municipal Bonds										
13063DGB8	14559	General Obligation Unlimited	5,084,410.93	5,000,000.00	5,324,050.00	3.375	3.087	04/01/2025	2,101	AA3
672319CA6	14282	Oakland CA Pension Obligation	<u>5,000,000.00</u>	<u>5,000,000.00</u>	<u>5,023,650.00</u>	3.267	<u>3.267</u>	12/15/2019	<u>167</u>	AA3
Subtotal and Average			10,084,410.93	10,000,000.00	10,347,700.00		3.177		1,142	
Fidelity Money Market										
SYS14190	14190	Fidelity Money Market	14,469,202.14	14,469,202.14	14,469,202.14	0.002	0.002		1	
SYS14265	14265	Fidelity Money Market	<u>127,018,713.09</u>	<u>127,018,713.09</u>	<u>127,018,713.09</u>	0.003	0.003		<u>1</u>	
Subtotal and Average			141,487,915.23	141,487,915.23	141,487,915.23		0.003		1	
Total Investments and Average			420,305,019.81	419,456,415.23	422,833,864.58		0.003		1	

Total Investments (Book Value)	420,305,019.81
Cash	<u>36,509,965.00</u>
Total Investments (Book Value) and Cash	456,814,984.81
Increase / (Decrease) in Market Value of Securities	<u>2,528,844.77</u>
Total Investments (Market Value) and Cash	<u>459,343,829.58</u>



**Pooled Investment - Long Term
Interest Earnings
Sorted by Fund - Fund
June 1, 2019 - June 30, 2019
Yield on Average Book Value**

Exhibit 2-B.1

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
3130AFKR7	14550	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	12/28/2023	3.100	3.143	12,916.67	0.00	12,916.67
3130ADUB6	14533 T1	010	FAC	21,000,000.00	21,000,000.00	21,000,000.00	12/19/2019	2.320	2.352	40,600.00	0.00	40,600.00
3130AAJZ2	14513	010	MC5	3,742,500.00	3,742,500.00	3,742,500.00	04/27/2020	1.750	1.774	5,457.81	0.00	5,457.81
3130A9YW5	14512	010	MC5	5,000,000.00	4,999,841.67	4,999,856.02	11/22/2019	1.190	1.213	4,958.33	27.77	4,986.10
3130AAS82	14519	010	FAC	10,000,000.00	9,999,534.66	9,999,564.10	02/06/2020	1.550	1.579	12,916.67	56.98	12,973.65
3130ABTD8	14526	010	FAC	15,000,000.00	15,000,000.00	15,000,000.00	10/18/2019	1.450	1.470	18,125.00	0.00	18,125.00
3130ADKF8	14529	010	FAC	15,000,000.00	15,000,000.00	15,000,000.00	01/30/2020	2.100	2.129	26,250.00	0.00	26,250.00
3133EHBA0	14520	010	FAC	6,500,000.00	6,500,000.00	6,500,000.00	03/02/2020	1.520	1.541	8,233.33	0.00	8,233.33
3133EG7F6	14517	010	FAC	5,000,000.00	5,000,000.00	5,000,000.00	02/16/2021	1.750	1.774	7,291.67	0.00	7,291.67
3133EKQZ2	14573	010	MC5	5,000,000.00	0.00	2,333,333.33	12/17/2021	2.370	2.403	4,608.33	0.00	4,608.33
3133EKJB3	14565	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	07/23/2025	3.040	3.082	12,666.67	0.00	12,666.67
3133EKQT6	14572	010	FAC	5,000,000.00	0.00	3,000,000.00	09/13/2023	2.490	2.525	6,225.00	0.00	6,225.00
3133EHQB2	14527	010	FAC	9,001,000.00	9,001,000.00	9,001,000.00	07/06/2020	1.550	1.572	11,626.29	0.00	11,626.29
3133EJKC2	14535	010	MC5	0.00	20,000,000.00	2,666,666.67	04/09/2021	2.670	2.707	5,933.33	0.00	5,933.33
3133EJAD1	14528	010	FAC	10,000,000.00	10,000,000.00	10,000,000.00	12/23/2020	2.150	2.180	17,916.67	0.00	17,916.67
3133EGAW5	14504	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	08/19/2019	1.250	1.267	5,208.33	0.00	5,208.33
3134GSVB8	14547	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	09/13/2023	3.250	3.295	13,541.67	0.00	13,541.67
3137EAEE5	14516	010	FAC	5,000,000.00	4,999,892.79	4,999,900.14	01/17/2020	1.500	1.524	6,250.00	14.23	6,264.23
3134G7S77	14358	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	10/29/2020	2.000	2.028	8,333.33	0.00	8,333.33
3135G0S46	14515	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	01/27/2020	1.650	1.673	6,875.00	0.00	6,875.00
3135G0T29	14522	010	FAC	10,000,000.00	9,989,831.29	9,990,421.61	02/28/2020	1.500	1.661	12,500.00	1,142.55	13,642.55
3135G0S46	14514	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	01/27/2020	1.650	1.673	6,875.00	0.00	6,875.00
3136G4LP6	14518	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	08/28/2020	1.800	1.825	7,500.00	0.00	7,500.00
3135G0T29	14521	010	FAC	3,500,000.00	3,500,000.00	3,500,000.00	02/28/2020	1.500	1.521	4,375.00	0.00	4,375.00
672319CA6	14282	010	MUN	5,000,000.00	5,000,000.00	5,000,000.00	12/15/2019	3.267	3.312	13,612.50	0.00	13,612.50
037833AK6	14536	010	MTN	5,000,000.00	4,851,316.78	4,852,948.92	05/03/2023	2.400	3.299	10,000.00	3,158.99	13,158.99
254673RD0	14539	010	SCD	250,000.00	250,000.00	250,000.00	07/05/2023	3.300	3.300	678.08	0.00	678.08
06406HBY4	14538	010	MC3	3,542,000.00	3,578,944.96	3,578,256.68	09/23/2021	3.550	3.110	10,478.42	-1,332.15	9,146.27
06406FAB9	14541	010	MC3	1,458,000.00	1,431,061.82	1,431,665.21	05/03/2021	2.050	3.109	2,490.75	1,167.84	3,658.59
795450T47	14540	010	SCD	250,000.00	250,000.00	250,000.00	07/03/2023	3.300	3.300	678.08	0.00	678.08

Pooled Investment - Long Term
Interest Earnings
June 1, 2019 - June 30, 2019

Exhibit 2-B.1

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
084670BJ6	14542	010	MTN	5,000,000.00	4,974,317.80	4,974,617.10	02/11/2023	3.000	3.199	12,500.00	579.29	13,079.29
31422BAR1	14553	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	12/27/2023	3.230	3.275	13,458.33	0.00	13,458.33
3132X02G5	14537	010	MC5	0.00	5,000,000.00	3,333,333.33	06/21/2023	3.270	3.315	9,083.33	0.00	9,083.33
3132X04Z1	14544	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	08/15/2023	3.250	3.295	13,541.67	0.00	13,541.67
589331AT4	14545	010	MTN	5,000,000.00	4,903,194.25	4,904,461.55	09/15/2022	2.400	3.089	10,000.00	2,452.84	12,452.84
68389XAS4	14548	010	MTN	5,000,000.00	5,042,521.83	5,042,077.70	07/15/2023	3.625	3.437	15,104.17	-859.60	14,244.57
24422EUM9	14554	010	MTN	5,000,000.00	5,069,973.04	5,069,282.66	10/12/2023	3.650	3.329	15,208.33	-1,336.22	13,872.11
540424AQ1	14555	010	MTN	5,000,000.00	4,867,436.36	4,868,879.29	05/15/2023	2.625	3.431	10,937.50	2,792.77	13,730.27
693475AV7	14557	010	MC3	5,000,000.00	5,027,214.01	5,026,961.73	01/23/2024	3.500	3.411	14,583.33	-488.29	14,095.04
13063DGB8	14559	010	MUN	5,000,000.00	5,085,634.28	5,085,002.22	04/01/2025	3.375	3.072	14,062.50	-1,223.35	12,839.15
49327M2X1	14560	010	MTN	5,000,000.00	5,025,277.77	5,024,869.64	02/01/2022	3.300	3.138	13,750.00	-789.93	12,960.07
05531FBF9	14561	010	MC3	5,000,000.00	5,154,098.17	5,152,628.32	12/06/2023	3.750	3.018	15,625.00	-2,844.88	12,780.12
91159HHU7	14562	010	MC3	5,000,000.00	5,273,266.08	5,271,445.09	11/17/2025	3.950	2.985	16,458.33	-3,524.50	12,933.83
20030NBN0	14563	010	MTN	5,000,000.00	5,076,880.57	5,076,347.16	08/15/2025	3.375	3.123	14,062.50	-1,032.42	13,030.08
747525AT0	14564	010	MTN	5,000,000.00	4,965,638.91	4,965,936.61	05/20/2024	2.900	3.102	12,083.33	576.20	12,659.53
751212AC5	14566	010	MC3	5,000,000.00	5,179,796.96	5,178,566.02	09/15/2025	3.750	-0.560	0.00	-2,382.47	-2,382.47
375558BF9	14570	010	MTN	5,000,000.00	5,160,706.99	5,159,681.91	03/01/2026	3.650	3.118	15,208.33	-1,984.03	13,224.30
233851CU6	14574	010	MTN	3,725,000.00	0.00	767,413.41	01/06/2027	3.450	3.002	2,141.87	-248.35	1,893.52
233851CU6	14571	010	MTN	5,000,000.00	0.00	3,560,484.67	01/06/2027	3.450	3.210	10,062.50	-668.34	9,394.16
			Subtotal	272,968,500.00	279,899,880.99	270,558,101.07			2.366	532,992.95	-6,745.07	526,247.88
			Total	272,968,500.00	279,899,880.99	270,558,101.07			2.366	532,992.95	-6,745.07	526,247.88



**Pooled Investment - Long Term
Interest Earnings
Sorted by Fund - Fund
May 1, 2019 - May 31, 2019
Yield on Average Book Value**

Exhibit 2-B.2

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
3130AFKR7	14550	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	12/28/2023	3.100	3.042	12,916.67	0.00	12,916.67
3130ADUB6	14533 T1	010	FAC	21,000,000.00	21,000,000.00	21,000,000.00	12/19/2019	2.320	2.276	40,600.00	0.00	40,600.00
3130AAJZ2	14513	010	MC5	3,742,500.00	3,742,500.00	3,742,500.00	04/27/2020	1.750	1.717	5,457.81	0.00	5,457.81
3130A9YW5	14512	010	MC5	5,000,000.00	4,999,813.89	4,999,828.67	11/22/2019	1.190	1.174	4,958.33	27.78	4,986.11
3130AAS82	14519	010	FAC	10,000,000.00	9,999,477.68	9,999,508.01	02/06/2020	1.550	1.528	12,916.67	56.98	12,973.65
3130ABTD8	14526	010	FAC	15,000,000.00	15,000,000.00	15,000,000.00	10/18/2019	1.450	1.423	18,125.00	0.00	18,125.00
3130ADKF8	14529	010	FAC	15,000,000.00	15,000,000.00	15,000,000.00	01/30/2020	2.100	2.060	26,250.00	0.00	26,250.00
3133EHBA0	14520	010	FAC	6,500,000.00	6,500,000.00	6,500,000.00	03/02/2020	1.520	1.491	8,233.33	0.00	8,233.33
3133EG7F6	14517	010	FAC	5,000,000.00	5,000,000.00	5,000,000.00	02/16/2021	1.750	1.717	7,291.67	0.00	7,291.67
3133EKJB3	14565	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	07/23/2025	3.040	2.983	12,666.67	0.00	12,666.67
3133EGD77	14509	010	MC5	0.00	10,000,000.00	645,161.29	05/03/2019	1.120	1.136	622.22	0.00	622.22
3133EHQB2	14527	010	FAC	9,001,000.00	9,001,000.00	9,001,000.00	07/06/2020	1.550	1.521	11,626.29	0.00	11,626.29
3133EJKC2	14535	010	MC5	20,000,000.00	20,000,000.00	20,000,000.00	04/09/2021	2.670	2.620	44,500.00	0.00	44,500.00
3133EJAD1	14528	010	FAC	10,000,000.00	10,000,000.00	10,000,000.00	12/23/2020	2.150	2.110	17,916.67	0.00	17,916.67
3133EGD77	14507	010	MC5	0.00	10,000,000.00	645,161.29	05/03/2019	1.120	1.136	622.22	0.00	622.22
3133EGAW5	14504	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	08/19/2019	1.250	1.226	5,208.33	0.00	5,208.33
3134GSVB8	14547	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	09/13/2023	3.250	3.189	13,541.67	0.00	13,541.67
3134G9MA2	14505	010	MC5	0.00	5,000,000.00	3,709,677.42	05/24/2019	1.125	1.141	3,593.78	0.00	3,593.78
3137EAEE5	14516	010	FAC	5,000,000.00	4,999,878.56	4,999,886.13	01/17/2020	1.500	1.475	6,250.00	14.23	6,264.23
3134G7S77	14358	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	10/29/2020	2.000	1.962	8,333.33	0.00	8,333.33
3135G0S46	14515	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	01/27/2020	1.650	1.619	6,875.00	0.00	6,875.00
3135G0T29	14522	010	FAC	10,000,000.00	9,988,688.73	9,989,296.86	02/28/2020	1.500	1.608	12,500.00	1,142.56	13,642.56
3135G0S46	14514	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	01/27/2020	1.650	1.619	6,875.00	0.00	6,875.00
3136G4LP6	14518	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	08/28/2020	1.800	1.766	7,500.00	0.00	7,500.00
3135G0T29	14521	010	FAC	3,500,000.00	3,500,000.00	3,500,000.00	02/28/2020	1.500	1.472	4,375.00	0.00	4,375.00
672319CA6	14282	010	MUN	5,000,000.00	5,000,000.00	5,000,000.00	12/15/2019	3.267	3.206	13,612.50	0.00	13,612.50
037833AK6	14536	010	MTN	5,000,000.00	4,848,157.79	4,849,839.18	05/03/2023	2.400	3.195	10,000.00	3,158.99	13,158.99
254673RD0	14539	010	SCD	250,000.00	250,000.00	250,000.00	07/05/2023	3.300	3.300	700.68	0.00	700.68
06406HBY4	14538	010	MC3	3,542,000.00	3,580,277.11	3,579,568.06	09/23/2021	3.550	3.008	10,478.42	-1,332.15	9,146.27
06406FAB9	14541	010	MC3	1,458,000.00	1,429,893.98	1,430,515.57	05/03/2021	2.050	3.011	2,490.75	1,167.84	3,658.59

Pooled Investment - Long Term
Interest Earnings
May 1, 2019 - May 31, 2019

Exhibit 2-B.2

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings			
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings	
Fund: Pooled Investment - Long Term													
795450T47	14540	010	SCD	250,000.00	250,000.00	250,000.00	07/03/2023	3.300	3.300	700.68	0.00	700.68	
084670BJ6	14542	010	MTN	5,000,000.00	4,973,738.50	4,974,046.84	02/11/2023	3.000	3.096	12,500.00	579.30	13,079.30	
31422BAR1	14553	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	12/27/2023	3.230	3.169	13,458.33	0.00	13,458.33	
3132X02G5	14537	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	06/21/2023	3.270	3.208	13,625.00	0.00	13,625.00	
3132X04Z1	14544	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	08/15/2023	3.250	3.189	13,541.67	0.00	13,541.67	
589331AT4	14545	010	MTN	5,000,000.00	4,900,741.40	4,902,046.95	09/15/2022	2.400	2.991	10,000.00	2,452.85	12,452.85	
68389XAS4	14548	010	MTN	5,000,000.00	5,043,381.44	5,042,923.91	07/15/2023	3.625	3.326	15,104.17	-859.61	14,244.56	
24422EUM9	14554	010	MTN	5,000,000.00	5,071,309.25	5,070,598.04	10/12/2023	3.650	3.221	15,208.33	-1,336.21	13,872.12	
540424AQ1	14555	010	MTN	5,000,000.00	4,864,643.58	4,866,130.06	05/15/2023	2.625	3.322	10,937.50	2,792.78	13,730.28	
693475AV7	14557	010	MC3	5,000,000.00	5,027,702.30	5,027,442.41	01/23/2024	3.500	3.301	14,583.33	-488.29	14,095.04	
13063DGB8	14559	010	MUN	5,000,000.00	5,086,857.62	5,086,206.49	04/01/2025	3.375	2.972	14,062.50	-1,223.34	12,839.16	
49327M2X1	14560	010	MTN	5,000,000.00	5,026,067.70	5,025,647.25	02/01/2022	3.300	3.036	13,750.00	-789.93	12,960.07	
05531FBF9	14561	010	MC3	5,000,000.00	5,156,943.06	5,155,428.85	12/06/2023	3.750	2.919	15,625.00	-2,844.89	12,780.11	
91159HHU7	14562	010	MC3	5,000,000.00	5,276,790.58	5,274,914.64	11/17/2025	3.950	2.887	16,458.33	-3,524.50	12,933.83	
20030NBNO	14563	010	MTN	5,000,000.00	5,077,912.99	5,077,363.47	08/15/2025	3.375	3.022	14,062.50	-1,032.42	13,030.08	
747525AT0	14564	010	MTN	5,000,000.00	4,965,062.70	4,965,369.39	05/20/2024	2.900	3.002	12,083.33	576.21	12,659.54	
751212AC5	14566	010	MC3	5,000,000.00	5,182,179.43	5,180,911.34	09/15/2025	3.750	-0.541	0.00	-2,382.47	-2,382.47	
375558BF9	14570	010	MTN	5,000,000.00	0.00	1,498,329.51	03/01/2026	3.650	2.771	4,055.56	-529.08	3,526.48	
			Subtotal	279,243,500.00	299,743,018.29	281,239,301.63				2.271	546,794.24	-4,373.37	542,420.87
			Total	279,243,500.00	299,743,018.29	281,239,301.63				2.271	546,794.24	-4,373.37	542,420.87



**Pooled Investment - Long Term
Interest Earnings
Sorted by Fund - Fund
April 1, 2019 - April 30, 2019
Yield on Average Book Value**

Exhibit 2-B.3

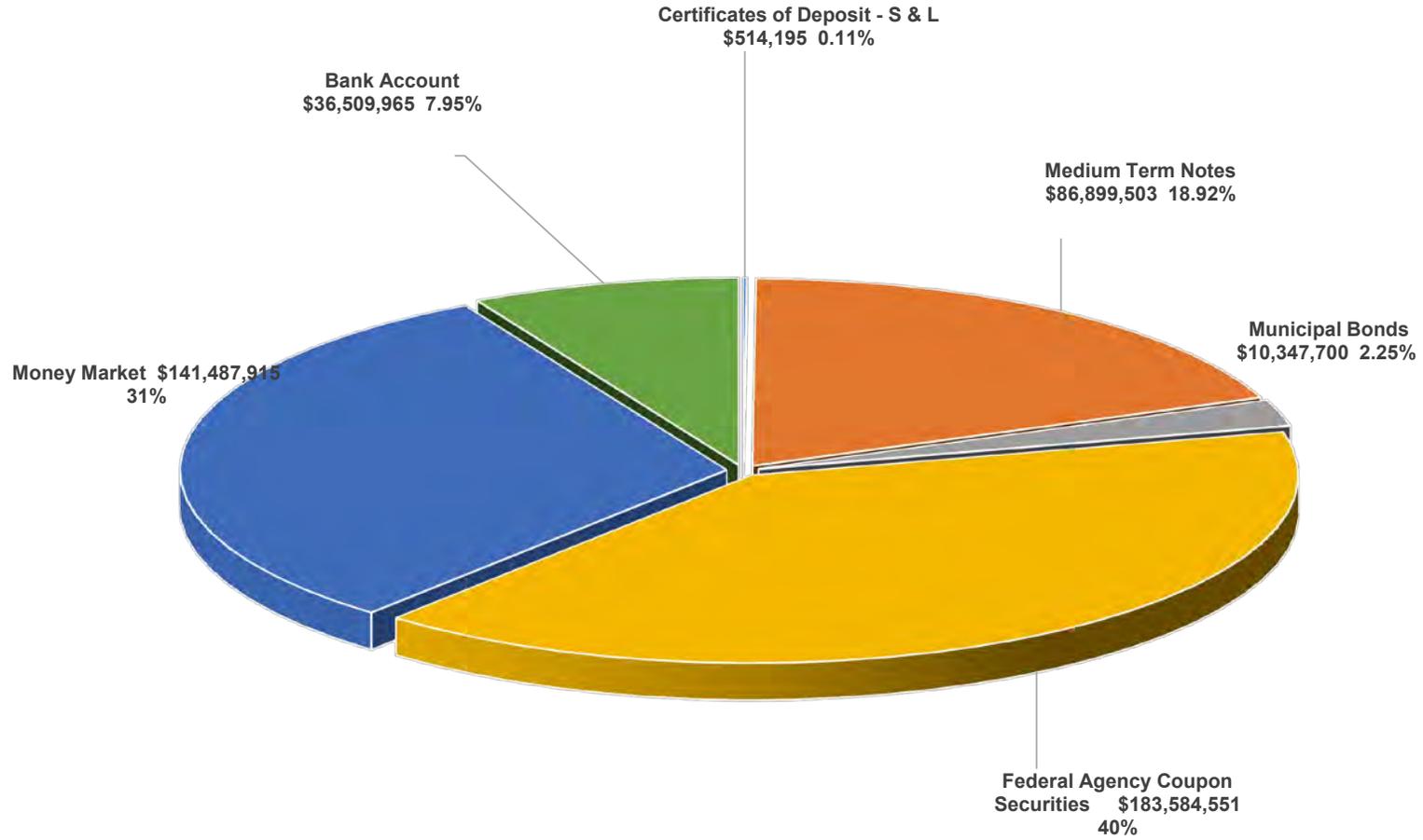
CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
3130AFKR7	14550	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	12/28/2023	3.100	3.143	12,916.67	0.00	12,916.67
3130ADUB6	14533 T1	010	FAC	21,000,000.00	21,000,000.00	21,000,000.00	12/19/2019	2.320	2.352	40,600.00	0.00	40,600.00
3130AAJZ2	14513	010	MC5	3,742,500.00	3,742,500.00	3,742,500.00	04/27/2020	1.750	1.774	5,457.81	0.00	5,457.81
3130A9YW5	14512	010	MC5	5,000,000.00	4,999,786.11	4,999,800.46	11/22/2019	1.190	1.213	4,958.33	27.78	4,986.11
3130AAS82	14519	010	FAC	10,000,000.00	9,999,420.70	9,999,450.14	02/06/2020	1.550	1.579	12,916.67	56.98	12,973.65
3130ABTD8	14526	010	FAC	15,000,000.00	15,000,000.00	15,000,000.00	10/18/2019	1.450	1.470	18,125.00	0.00	18,125.00
3130ADKF8	14529	010	FAC	15,000,000.00	15,000,000.00	15,000,000.00	01/30/2020	2.100	2.129	26,250.00	0.00	26,250.00
3133EHBA0	14520	010	FAC	6,500,000.00	6,500,000.00	6,500,000.00	03/02/2020	1.520	1.541	8,233.33	0.00	8,233.33
3133EG7F6	14517	010	FAC	5,000,000.00	5,000,000.00	5,000,000.00	02/16/2021	1.750	1.774	7,291.67	0.00	7,291.67
3133EKJB3	14565	010	MC5	5,000,000.00	0.00	1,333,333.33	07/23/2025	3.040	3.082	3,377.78	0.00	3,377.78
3133EGD77	14509	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/03/2019	1.120	1.136	9,333.33	0.00	9,333.33
3133EHQB2	14527	010	FAC	9,001,000.00	9,001,000.00	9,001,000.00	07/06/2020	1.550	1.572	11,626.29	0.00	11,626.29
3133EJKC2	14535	010	MC5	20,000,000.00	20,000,000.00	20,000,000.00	04/09/2021	2.670	2.707	44,500.00	0.00	44,500.00
3133EJAD1	14528	010	FAC	10,000,000.00	10,000,000.00	10,000,000.00	12/23/2020	2.150	2.180	17,916.67	0.00	17,916.67
3133EGD77	14507	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/03/2019	1.120	1.136	9,333.33	0.00	9,333.33
3133EGAW5	14504	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	08/19/2019	1.250	1.267	5,208.33	0.00	5,208.33
3133EF4C8	14503	010	MC5	0.00	5,000,000.00	4,000,000.00	04/25/2019	1.190	1.207	3,966.67	0.00	3,966.67
3134GSVB8	14547	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	09/13/2023	3.250	3.295	13,541.67	0.00	13,541.67
3134G9MA2	14505	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/24/2019	1.125	1.141	4,687.54	0.00	4,687.54
3137EAE5	14516	010	FAC	5,000,000.00	4,999,864.33	4,999,871.68	01/17/2020	1.500	1.524	6,250.00	14.23	6,264.23
3134G7S77	14358	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	10/29/2020	2.000	1.555	6,388.89	0.00	6,388.89
3135G0S46	14515	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	01/27/2020	1.650	1.673	6,875.00	0.00	6,875.00
3135G0T29	14522	010	FAC	10,000,000.00	9,987,546.18	9,988,136.50	02/28/2020	1.500	1.662	12,500.00	1,142.55	13,642.55
3135G0S46	14514	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	01/27/2020	1.650	1.673	6,875.00	0.00	6,875.00
3136G4LP6	14518	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	08/28/2020	1.800	1.825	7,500.00	0.00	7,500.00
3135G0T29	14521	010	FAC	3,500,000.00	3,500,000.00	3,500,000.00	02/28/2020	1.500	1.521	4,375.00	0.00	4,375.00
672319CA6	14282	010	MUN	5,000,000.00	5,000,000.00	5,000,000.00	12/15/2019	3.267	3.312	13,612.50	0.00	13,612.50
037833AK6	14536	010	MTN	5,000,000.00	4,844,998.79	4,846,630.94	05/03/2023	2.400	3.303	10,000.00	3,159.00	13,159.00
254673RD0	14539	010	SCD	250,000.00	250,000.00	250,000.00	07/05/2023	3.300	3.300	678.08	0.00	678.08
06406HBY4	14538	010	MC3	3,542,000.00	3,581,609.26	3,580,920.98	09/23/2021	3.550	3.108	10,478.42	-1,332.15	9,146.27

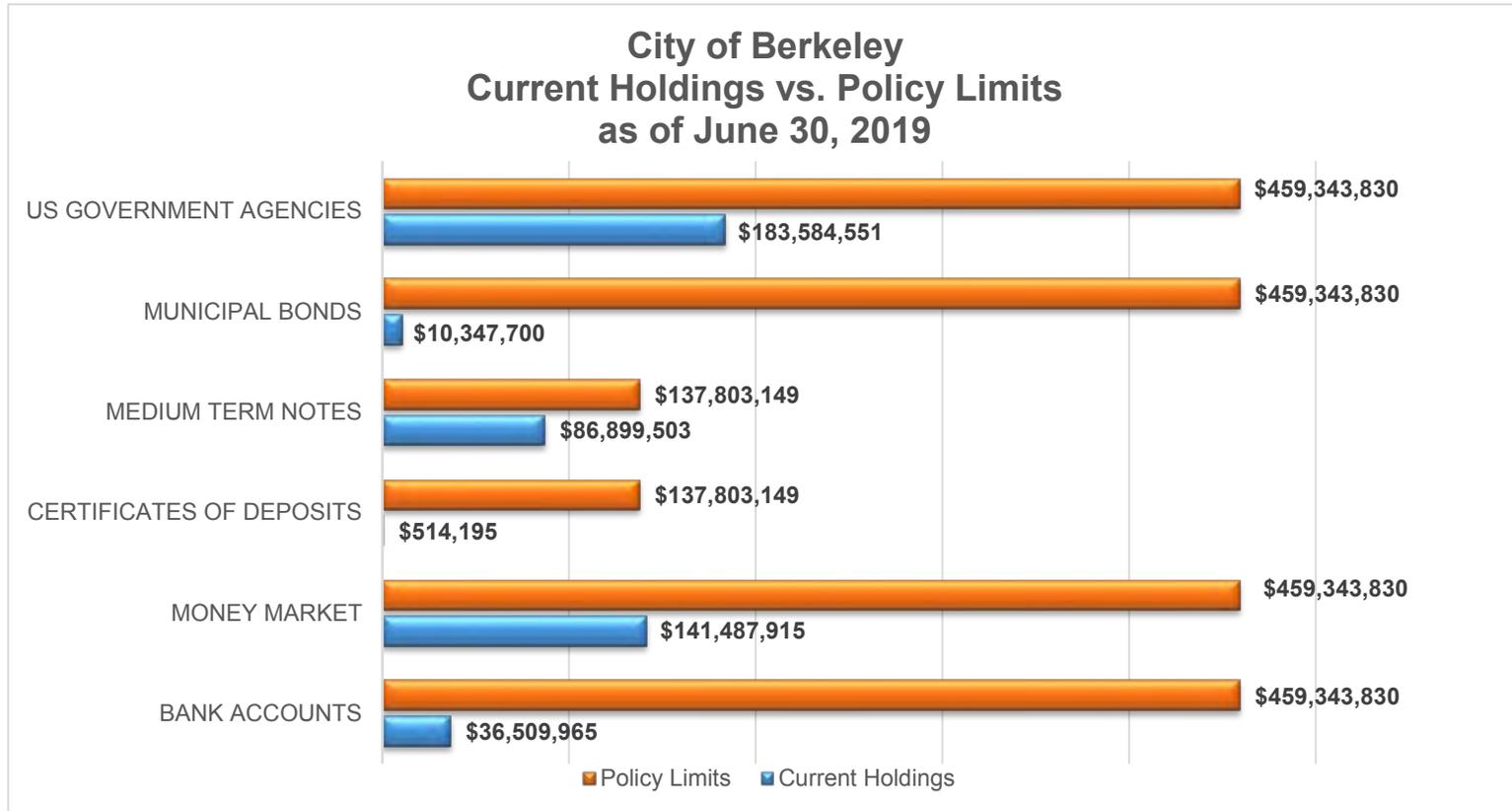
Pooled Investment - Long Term
Interest Earnings
April 1, 2019 - April 30, 2019

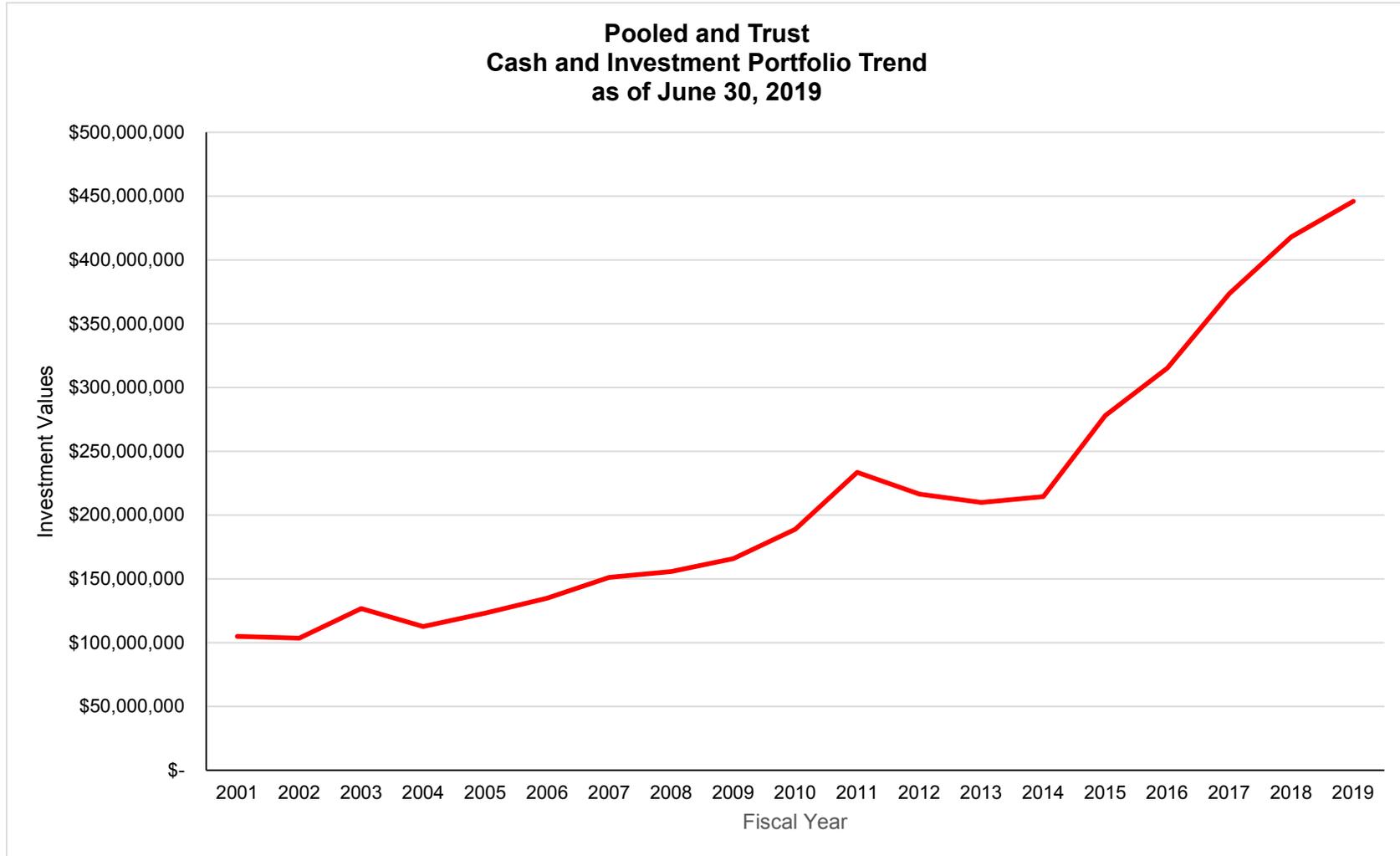
Exhibit 2-B.3

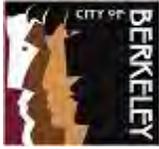
CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
06406FAB9	14541	010	MC3	1,458,000.00	1,428,726.14	1,429,329.53	05/03/2021	2.050	3.114	2,490.75	1,167.84	3,658.59
795450T47	14540	010	SCD	250,000.00	250,000.00	250,000.00	07/03/2023	3.300	3.300	678.08	0.00	678.08
084670BJ6	14542	010	MTN	5,000,000.00	4,973,159.20	4,973,458.51	02/11/2023	3.000	3.200	12,500.00	579.30	13,079.30
31422BAR1	14553	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	12/27/2023	3.230	3.275	13,458.33	0.00	13,458.33
3132X02G5	14537	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	06/21/2023	3.270	3.315	13,625.00	0.00	13,625.00
3132X04Z1	14544	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	08/15/2023	3.250	3.295	13,541.67	0.00	13,541.67
589331AT4	14545	010	MTN	5,000,000.00	4,898,288.55	4,899,555.85	09/15/2022	2.400	3.092	10,000.00	2,452.85	12,452.85
68389XAS4	14548	010	MTN	5,000,000.00	5,044,241.04	5,043,796.91	07/15/2023	3.625	3.436	15,104.17	-859.60	14,244.57
24422EUM9	14554	010	MTN	5,000,000.00	5,072,645.46	5,071,955.09	10/12/2023	3.650	3.328	15,208.33	-1,336.21	13,872.12
540424AQ1	14555	010	MTN	5,000,000.00	4,861,850.81	4,863,293.74	05/15/2023	2.625	3.435	10,937.50	2,792.77	13,730.27
693475AV7	14557	010	MC3	5,000,000.00	5,028,190.59	5,027,938.31	01/23/2024	3.500	3.411	14,583.33	-488.29	14,095.04
13063DGB8	14559	010	MUN	5,000,000.00	5,088,080.97	5,087,448.91	04/01/2025	3.375	3.070	14,062.50	-1,223.35	12,839.15
49327M2X1	14560	010	MTN	5,000,000.00	5,026,857.63	5,026,449.50	02/01/2022	3.300	3.137	13,750.00	-789.93	12,960.07
05531FBF9	14561	010	MC3	5,000,000.00	5,159,787.95	5,158,318.09	12/06/2023	3.750	3.014	15,625.00	-2,844.89	12,780.11
91159HHU7	14562	010	MC3	5,000,000.00	0.00	4,926,484.83	11/17/2025	3.950	2.981	15,361.11	-3,289.53	12,071.58
20030NBN0	14563	010	MTN	5,000,000.00	0.00	4,570,524.33	08/15/2025	3.375	3.122	12,656.25	-929.17	11,727.08
747525AT0	14564	010	MTN	5,000,000.00	0.00	2,647,956.61	05/20/2024	2.900	3.102	6,444.44	307.31	6,751.75
751212AC5	14566	010	MC3	5,000,000.00	0.00	345,481.28	09/15/2025	3.750	-81.264	-22,916.67	-158.83	-23,075.50
			Subtotal	299,243,500.00	279,238,553.71	292,063,635.52			2.172	522,883.77	-1,551.34	521,332.43
			Total	299,243,500.00	279,238,553.71	292,063,635.52			2.172	522,883.77	-1,551.34	521,332.43

Pooled Cash and Investments
(Market Value)
as of June 30, 2019









**Summary of Pooled Cash and Investments - Trust Funds
(Market Value)
As of June 30, 2019**

	<u>Pooled Cash</u>	<u>Investments (Book Value)</u>	<u>Gain/Loss on Investments</u>	<u>Pooled Cash & Investments (Market Value)</u>
Retiree Medical Trust Fund				
Fund No.				
941 BHA	\$ 74,783	\$ 310,416	\$ 9,577	\$ 394,776
942 M1=IBEW	2,895	168,656	8,721	180,272
943 M2=Local 1	1,173,515	6,858,124	364,214	8,395,854
944 MUI=Z1	151,198	1,729,584	103,057	1,983,840
945 MUI=Z2 to Z6	255,624	2,269,215	125,030	2,649,869
946 M535= Local 535	839,257	7,253,653	427,233	8,520,143
947 M3=Local 790	550,171	5,130,525	216,742	5,897,437
Total Retiree Medical Trust Fund	3,047,443	23,720,172	1,254,575	28,022,192
Fire Medical Trust Fund				
949 Fire Medical Trust Fund	215,402	10,731,801	310,295	11,257,497
Total Fire Medical Trust Fund	215,402	10,731,801	310,295	11,257,497
Police Medical Trust Fund				
903 Police EE Retiree HLT Assistance Plan	54,478	2,025,186	367,989.89	2,079,664
905 Safety Members Pension Fund	33,289	-	-	33,289
950 Police Medical Trust Fund	-	5,808,563	(185,858.14)	5,622,705
Total Police Medical Trust Fund	87,767	7,833,749	182,132	8,103,648
Total Trust Funds	\$ 3,350,612	\$ 42,285,723	\$ 1,747,002	\$ 47,383,337



Retiree Medical Trust Fund
Fund 941 - 947
Interest Earnings
April 1 to June 30, 2019

Investments June 30, 2019									Interest Earnings April 1 to June 30, 2019				
CUSIP	Investment #	Issuer	Par Value	Beginning Book Value	Ending Book Value	Market Value	Maturity Date	Moody's Rating	Adjusted Interest Earnings				
									Current Rate	Annualized Yield	Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Medium Term Notes													
06744CUS8	14530	Barclays Bank PLC	6,000,000.00	6,000,000.00	6,000,000.00	6,003,540.00	02/08/2028	A2	3.125	3.134	46,875.00	-	46,875.00
61747WAF6	14224	Morgan Stanley	1,666,666.67	1,684,582.98	1,682,117.44	1,750,550.00	01/25/2021	A3	5.750	5.121	23,958.34	(2,465.55)	21,492.79
Federal Agency Coupon Securities													
3133EFQT7	14361	Fed Farm Credit Bank	2,600,000.00	2,612,096.86	2,611,642.09	2,690,272.00	11/25/2025	AAA	2.700	2.625	17,550.00	(454.77)	17,095.23
Federal Agency Continuously Callable													
3130HOCE1	14567	Farmer Mac	3,556,000.00	3,556,000.00	3,556,000.00	3,570,970.76	05/01/2029	N/A	3.400	3.390	19,814.82	-	19,814.82
3134GAWD2	14510	Fed Home Loan Mortgage Corp	1,500,000.00	1,500,000.00	1,500,000.00	1,495,200.00	11/27/2019	AAA	1.300	1.304	4,875.00	-	4,875.00
Municipal Bonds													
672319CC2	14283	OAKGEN	2,750,000.00	2,736,444.81	2,737,697.34	2,852,465.00	12/15/2021	AA3	3.800	4.012	26,125.00	1,252.53	27,377.53
786091AG3	14316	SACGEN	5,000,000.00	5,342,224.41	5,328,715.55	6,307,750.00	08/01/2025	A3	7.250	5.797	90,625.00	(13,508.86)	77,116.14
Savo Island Loan													
SYS10988	10988	EMPMED	304,000.00	336,000.00	304,000.00	304,000.00	09/01/2025	N/A	8.000	8.000	6,063.35	-	6,063.35
Total			\$ 23,376,666.67	\$ 23,767,349.06	\$ 23,720,172.42	\$ 24,974,747.76				3.932	\$ 235,886.51	\$ (15,176.65)	\$ 220,709.86

Total Investments (Book Value)	\$ 23,720,172.42
Gain/Loss on Investments	<u>1,254,575.34</u>
Total Investments (Market Value)	24,974,747.76
Temporarily Invested with Pooled Cash & Investments	<u>3,047,443.48</u>
Total Pooled Cash and Investments	<u>\$ 28,022,191.24</u>



**Fire Retiree Medical
Fund 949
Interest Earnings
April 1 to June 30, 2019**

Investments June 30, 2019									Interest Earnings April 1 to June 30, 2019					
CUSIP	Investment #	Issuer	Par Value	Beginning Book Value	Ending Book Value	Market Value	Maturity Date	Credit Rating	Current Rate	Annualized Yield	Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings	
Medium Term Notes														
06744CUS8	14531	Barclays Bank PLC	2,000,000.00	2,000,000.00	2,000,000.00	2,001,180.00	02/18/2028	A2	3.125	3.134	15,625.00	-	15,625.00	
6174467X1	14318	Morgan Stanley DW DTC#0015	2,000,000.00	2,051,314.64	2,049,384.71	2,214,160.00	11/24/2025	BAA2	5.000	4.513	25,000.00	(1,929.93)	23,070.07	
61747WAF6	14225	Morgan Stanley	1,666,666.67	1,684,582.98	1,682,117.44	1,750,550.00	01/25/2021	A3	5.750	5.121	23,958.33	(2,465.54)	21,492.79	
Federal Agency Coupon Securities														
3133EFQT7	14362	Fed Farm Credit Bank	2,300,000.00	2,310,701.07	2,310,298.78	2,379,856.00	11/25/2025	AAA	2.700	2.625	15,525.00	(402.29)	15,122.71	
Federal Agency Continuously Callable														
3130H0CE1	14568	Farmer Mac	2,190,000.00	2,190,000.00	2,190,000.00	2,199,219.90	05/01/2029	N/A	3.400	3.390	12,203.17	-	12,203.17	
3130A9WA5	14508	Federal Home Loan Bank	500,000.00	500,000.00	500,000.00	497,130.00	04/27/2020	AAA	1.300	1.304	1,625.00	-	1,625.00	
Total			<u>\$ 10,656,666.67</u>	<u>\$ 10,736,598.69</u>	<u>\$ 10,731,800.93</u>	<u>\$ 11,042,095.90</u>					<u>3.580</u>	<u>\$ 93,936.50</u>	<u>\$ (4,797.76)</u>	<u>\$ 89,138.74</u>

Total Investments (Book Value)	\$ 10,731,800.93
Gain/Loss on Investments	<u>310,294.97</u>
Total Investments (Market Value)	11,042,095.90
Temporarily Invested with Pooled Cash & Investments	<u>215,401.53</u>
Total Pooled Cash and Investments	<u>\$ 11,257,497.43</u>



Police Retiree Medical
Fund 903, 950 and 970
Interest Earnings
April 1 to June 30, 2019

Investments June 30, 2019										Interest Earnings April 1 to June 30, 2019				
CUSIP	Investment #	Issuer	Par Value	Beginning Book Value	Ending Book Value	Market Value	Maturity Date	Credit Rating	Current Rate	Annualized Yield	Adjusted Interest Earnings			
											Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings	
Medium Term Notes														
06744CUS8	14532	Barclays Bank PLC	2,000,000.00	2,000,000.00	2,000,000.00	2,001,180.00	02/08/2028	A2	3.125	3.134	15,625.00	-	15,625.00	
6174467X1	14319	Morgan Stanley DW DTC#0015	500,000.00	512,828.66	512,346.18	553,540.00	11/24/2025	BAA2	5.000	4.513	6,250.00	(482.48)	5,767.52	
61747WAF6	14226	Morgan Stanley	1,666,666.67	1,684,582.98	1,682,117.44	1,750,550.00	01/25/2021	A3	5.750	5.121	23,958.33	(2,465.54)	21,492.79	
Federal Agency Coupon Securities														
3133EFQT7	14363	Fed. Farm Credit Banks Funding	2,300,000.00	2,310,701.07	2,310,298.78	2,379,856.00	11/25/2025	AAA	2.700	2.625	15,525.00	(402.29)	15,122.71	
Federal Agency Continuously Callable														
3130HOCE1	14569	Farmer Mac	829,000.00	829,000.00	829,000.00	832,490.09	05/01/2029	N/A	3.400	3.390	4,619.37	-	4,619.37	
3130A9YW5	14511	Federal Home Loan Banks	500,000.00	499,978.61	499,986.94	498,265.00	11/22/2019	AAA	1.190	1.200	1,487.50	8.33	1,495.83	
Total			\$ 7,795,666.67	\$ 7,837,091.32	\$ 7,833,749.34	\$ 8,015,881.09					3.405	\$ 67,465.20	\$ (3,341.98)	\$ 64,123.22

Total Investments (Book Value)	\$ 7,833,749.34
Gain/Loss on Investments	182,131.75
Total Investments (Market Value)	8,015,881.09
Temporarily Invested with Pooled Cash & Investments	87,766.91
Total Pooled Cash and Investments	\$ 8,103,648.00



Office of the City Manager

INFORMATION CALENDAR
March 10, 2020

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Henry Oyekanmi, Director, Finance Department
 Subject: FY 2020 First Quarter Investment Report: Ended September 30, 2019

SUMMARY

The City's investment policy requires that a quarterly investment report be submitted to the City Council on the status of the investment portfolio. The report includes all investments managed by the City of Berkeley and provides information on the types, values (par, book, and market), term, and yield of each security.

- The return on pooled investments for the quarter ended September 30, 2019 was 2.30% equal the 2.30% earned by the State Local Agency Investment Fund (State LAIF), which is the benchmark for investment performance used by the City. The return on pooled investments of 2.30% for the quarter ended September 30, 2019 was 3.0 basis points more than the rate of 2.27% earned in the quarter ended June 30, 2019.
- The average return on all Retiree Medical Trust Fund investments was 3.588% for the quarter ended September 30, 2019.

CURRENT SITUATION AND ITS EFFECTS

Attached is a summary of quarterly reports for fiscal year 2020 First quarter ending September 30, 2019 representing the status of the City's investment portfolio. The report includes all investments managed by the City of Berkeley and provides information on the values (par, book, and market), term, and yield of each security.

Summary information by type of security and detailed information on each security is provided on Exhibit 2-A. An evaluation of portfolio performance for this accounting period compared to the previous three accounting periods is also included in Attachment 1.

A. Portfolio Results

As a result of the differences in the investment policies of different cities, including responsible investing policies, maturity restrictions, investment restrictions, etc., it was difficult for the City of Berkeley to come up with a reasonable performance measure for pooled cash investments. In order to provide some measure of the relative performance of the City's investment returns, many years ago the City established the State Local Agency Investment Fund (LAIF) as the performance measure to be reported in the quarterly investment reports, since many local governments invested significant portions of their investment portfolios in LAIF.

LAIF was intended to be a reference point to compare the City's investment performance against, rather than a true performance measure, since most cities typically earn a yield higher than LAIF during normal interest rate environments, and because LAIF's average maturity of its investments is generally shorter than most cities. As a result, past City Councilmembers requested that information about the rates earned by other California cities be included in the quarterly investment reports for comparison purposes, despite the differences in the investment policies of the various cities.

At the present time, the interest rate environment is far from being normal. On September 18, 2019, the Federal Funds rate range, which is the most important measure of short-term interest rates, was lowered to 1.75%-2%, which was moderately higher than the 2-year Treasury (1.77%), the 5-year Treasury (1.68%), the 10-year Treasury (1.80%), and nearly as high as the 30-year Treasury (2.25%). This environment is highly unusual, and currently results in portfolios with shorter average maturities outperforming portfolios with long-term maturities, which is the opposite of performances in a normal interest rate environment (i.e., the longer the maturity, the higher the rate would be).

1. Liquidity of Portfolio:

The average investment in the pooled portfolio matured in 750 days as of September 30, 2019. This is 165 days less than the 915 maturity days of as of June 30, 2019.

2. Comparison of Results to Performance Measures – Pooled investments: Quarter Ended September 30, 2019

The City's yield on investments for the quarter ended September 30, 2019 was 2.30%, an increase of 3.0 basis points (.030%) from the 2.27% earned during the quarter ended June 30, 2019. The average yield on a 90-day Treasury bill at the end of the quarter ended September 30, 2019 was 1.807%, a decrease of 28.0 basis points (.280%) from the 2.087% at the end of the previous quarter.

As summarized in Table 1, staff's overall results equaled the performance measure for the quarter. Staff's performance was under the performance measure in July by 11.7 basis points (-.117%); under the performance measure in August by 2.5 basis points (-.025%); and, was over the performance measure in September by 2.7 basis points (+027%). The performance measure for the return on investments is compared to the rate of return of the State LAIF.

Table 1

For Quarter Ending September 30, 2019			
Period	City	State LAIF	Difference
July-19	2.262%	2.379%	-0.117%
August-19	2.316%	2.341%	-0.025%
September-19	2.307%	2.28%	0.027%
July-September 19	2.30%	2.30%	0.000%

3. Investment Results-Retiree Health Insurance Funds:

Average interest rates earned on the retiree health insurance trust funds for the quarter ended September 30, 2019 compared to the quarter ended June 30, 2019, were as follows:

Table 2

EARNED INTEREST RATES		
For Quarter Ended 9/30/2019 Compared To 6/30/2019		
Trust Fund	1st Qtr 09/30/19	4th Qtr 6/30/19
Retiree Medical Trust Fund (Misc Employees)	3.863%	3.932%
Fire Retiree Medical Trust Fund	3.532%	3.580%
Police Retiree Medical Trust Fund	3.863%	3.405%

The rates earned on these plans will continue to drop slightly over the next few quarters as staff reinvests the proceeds of maturing securities at lower rates.

Details related to retiree health trust fund investments are in Attachment 3, Exhibits 3-A, 3-B, and 3-C of this report.

B. Discussion of Interest Rate Environment and Outlook

On September 18, 2019 the Federal Open Market Committee issued its statement on the economy and interest rates:

Information received since the Federal Open Market Committee met in July indicates that the labor market remains strong and that economic activity has been rising at a moderate rate. Job gains have been solid, on average, in recent months, and the unemployment rate has remained low. Although household spending has been rising at a strong pace, business fixed investment and exports have weakened. On a 12-month basis, overall inflation and inflation for items other than food and energy are running below 2 percent. Market-based measures of inflation compensation remain low; and survey-based measures of longer-term inflation expectations are little changed.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability.

The Committee continues to view sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective as the most likely outcomes, but uncertainties about this outlook remain. As the Committee contemplates the future path of the target range for the federal funds rate, it will continue to monitor the implications of incoming information for the economic outlook and will act as appropriate to sustain the expansion, with a strong labor market and inflation near its symmetric 2 percent objective.

Yield Trend

In light of the implications of global developments for the economic outlook as well as muted inflation pressures, the Committee decided to lower the target range for the federal funds rate to 1-3/4 to 2 percent.

In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its maximum employment objective and its symmetric 2 percent inflation objective. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments.

In the current interest rate environment, staff expects returns in FY 2020 to be about the same as those returns earned in FY 2019. Also, the City's rate earned is expected to be about the same as the City's benchmark (State LAIF) and the City's return to be comparable to rates earned by most other cities in California. A sample of rates earned by Northern and Southern California cities is reflected in table 3 below (previously only Northern California cities were included):

Table 3

Other California Cities Earned Interest Rates	
For the Quarter Ending September 30, 2019	
City	Rates Earned
San Diego	2.40%
Palo Alto	2.38%
San Jose	2.36%
Sacramento	2.33%
San Francisco	2.33%
Berkeley	2.30%
Oakland	2.25%
Los Angeles	2.16%
Santa Monica	2.05%
Riverside	2.03%

The City's investment strategy will continue to focus on (1) locking in reasonable rates on long-term investments, when opportunities for attractive rates present themselves and (2) matching of investment maturities to cash flow.

BACKGROUND

- Pooled Investments

Short-term cash is invested primarily in government sponsored enterprises (referred to as Federal Agency) notes and medium-term corporate notes for periods of one to five years. Additional cash is invested in a money market fund or overnight securities to meet the liquidity needs of the City.

In some cases, the City may have investments with a current market value that is greater or less than the recorded cost. These changes in market value are due to fluctuations in the market and have no effect on yield, as the City does not intend to sell securities prior to maturity.

- Retiree Health Trust Fund Investments

The City agreed to provide retiree Health insurance coverage for fire, police and miscellaneous employees under certain terms and conditions. An actuarial study commissioned by the City many years ago determined that, in addition to City Contributions, an average rate of return of 7% on miscellaneous employees trust fund assets invested must be achieved to fund the retiree health benefit at the desired 70% level. Primarily as a result of the Federal Reserve Board's decision to keep short-term rates near zero for the last 12 years, the average rate currently earned is significantly below that 7% level. City Finance Department staff manages these investment portfolios.

ENVIRONMENTAL SUSTAINABILITY

There are no identifiable environmental effects or opportunities associated with the subject of this report.

CONTACT PERSON

Henry Oyekanmi, Director, Finance Department, 981-7326

ATTACHMENTS

1. Portfolio Evaluation FY 2020
2. Investment Report Analysis FY 2020
 - a. Exhibit 2-A: Pooled Cash and Investments
 - b. Exhibit 2-B.1 through 2-B.3: Interest Earnings July 2019 – September 2019
 - c. Exhibit 2-C: Book Value By Investment Type
 - d. Exhibit 2-D: Current Holdings vs. Policy Limits
 - e. Exhibit 2-E: Investment Portfolio Trend
3. Summary of Pooled and Cash Investments FY 2020 –Trust Funds
 - a. Exhibit 3-A: Retiree Medical Trust Funds –Misc.
 - b. Exhibit 3-B: Retiree Medical Trust Funds –Fire
 - c. Exhibit 3-C: Retiree Medical Trust Funds –Police



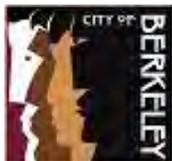
Portfolio Evaluation
Quarter Ended September 30, 2019

	Quarter Ending							
	September 2019	June 2019	March 2019	December 2018				
Total Portfolio								
Pooled Cash and Investments (COB)	\$ 422,069,258	\$ 459,308,376	\$ 421,335,434	\$ 401,582,141				
Pooled Cash and Investments (Trust)	48,394,215	47,383,337	46,484,598	44,766,863				
Total Cash and Investments	<u>\$ 470,463,473</u>	<u>\$ 506,691,713</u>	<u>\$ 467,820,032</u>	<u>\$ 446,349,004</u>				
Average Life of Investment Portfolio								
Pooled Investments (CoB)	750 days	915 days	713 days	716 days				
Trust Investments	5.962 years	6.212 years	5.809 years	5.878 years				
Weighted Yield								
Pooled Investments (CoB)	2.295%	2.270%	2.195%	2.005%				
Trust Investments	3.588%	3.639%	3.970%	3.772%				
Prime Rate	5.000%	5.500%	5.500%	5.500%				
91-day Treasury Bill Rate	1.807%	2.087%	2.381%	2.355%				
2-year Treasury Note Rate	1.622%	1.755%	2.260%	2.488%				
Cash and Investments Maturity								
Within one year	\$ 265,228,059	56.38%	\$ 298,356,400	58.88%	\$ 273,797,880	58.53%	\$ 210,359,453	47.13%
Between 1 to 3 years	78,428,464	16.67%	62,290,505	12.29%	86,143,761	18.41%	140,177,122	31.41%
Between 3 to 5 years	57,261,873	12.17%	72,075,845	14.22%	76,234,240	16.30%	54,854,262	12.29%
Between 5 to 10 years	69,545,077	14.78%	73,968,963	14.60%	31,644,151	6.76%	40,958,167	9.18%
Over 10 years	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total	<u>\$ 470,463,473</u>	<u>100.00%</u>	<u>\$ 506,691,713</u>	<u>100.00%</u>	<u>\$ 467,820,032</u>	<u>100.00%</u>	<u>\$ 446,349,004</u>	<u>100.00%</u>



City of Berkeley
Pooled Cash and Investments
As of September 30, 2019

CUSIP	Investment #	Issuer	Book Value	Par Value	Market Value	Current Rate	YTM/C 365	Maturity Date	Days To Maturity	Credit Rating
Certificates of Deposit - S & L										
254673RD0	14539	Discover Bank	250,000.00	250,000.00	263,220.00	3.300	3.300	07/05/2023	1,373	N/A
795450T47	14540	Sallie Mae Bank	250,000.00	250,000.00	263,202.50	3.300	3.300	07/03/2023	1,371	N/A
Subtotal and Average			500,000.00	500,000.00	526,422.50		3.300		1,372	
Medium Term Notes										
037833AK6	14536	Apple Inc	4,863,952.75	5,000,000.00	5,082,350.00	2.400	3.225	05/03/2023	1,310	AA1
084670BJ6	14542	Berkshire Hathaway	4,976,634.99	5,000,000.00	5,180,200.00	3.000	3.150	02/11/2023	1,229	AA2
20030NBN0	14563	Comcast Corp	5,072,750.91	5,000,000.00	5,287,500.00	3.375	3.100	08/15/2025	2,145	A3
233851CU6	14571	Daimler Finance	5,083,224.10	5,000,000.00	5,198,300.00	3.450	3.190	01/06/2027	2,654	A2
233851CU6	14574	Daimler Finance	3,833,238.34	3,725,000.00	3,872,733.50	3.450	3.000	01/06/2027	2,654	A2
24422EUM9	14554	John Deere Cap	5,064,628.18	5,000,000.00	5,327,000.00	3.650	3.300	10/12/2023	1,472	A2
375558BF9	14570	Gilead Sciences	5,152,770.85	5,000,000.00	5,359,150.00	3.650	3.118	03/01/2026	2,343	A3
49327M2X1	14560	Key Bank NA	5,022,118.05	5,000,000.00	5,142,900.00	3.300	3.100	02/01/2022	854	A3
53944VAS8	14580	Lloyds Bank Plc	5,006,867.70	5,000,000.00	4,987,650.00	2.250	2.200	8/14/2022	1,048	AA3
540424AQ1	14555	Loews Corporation	4,878,607.45	5,000,000.00	5,074,700.00	2.625	3.350	05/15/2023	1,322	A3
589331AT4	14545	Merck & Co Inc	4,913,005.64	5,000,000.00	5,077,900.00	2.400	3.030	09/15/2022	1,080	A1
68389XAS4	14548	Oracle Corp	5,039,083.41	5,000,000.00	5,279,500.00	3.625	3.388	07/15/2023	1,383	A1
747525AT0	14564	Qualcomm Inc	4,967,943.73	5,000,000.00	5,139,750.00	2.900	3.050	05/20/2024	1,693	A2
Subtotal and Average			63,874,826.10	63,725,000.00	66,009,633.50		3.094		1,616	
Medium Term Notes - Callable										
05531FBF9	14561	BB&T Corporation	5,142,718.62	5,000,000.00	5,290,700.00	3.750	3.012	12/06/2023	1,527	A2
06406HBY4	14538	Bank of New York Mellon Corp	3,573,616.36	3,542,000.00	3,648,897.56	3.550	3.150	09/23/2021	723	A1
06406FAB9	14541	Bank of New York Mellon Corp	1,435,733.18	1,458,000.00	1,459,093.50	2.050	3.060	05/03/2021	580	A1
693475AV7	14557	PNC Financial Services	5,025,260.85	5,000,000.00	5,278,900.00	3.500	3.425	01/23/2024	1,575	A3
751212AC5	14566	Ralph Lauren	5,170,267.09	5,000,000.00	5,365,700.00	3.750	3.106	09/15/2025	2,176	A2
91159HHU7	14562	US BANCORP	5,259,168.09	5,000,000.00	5,499,300.00	3.950	2.848	11/17/2025	2,239	A1
Subtotal and Average			25,606,764.19	25,000,000.00	26,542,591.06		3.100		1,648	



City of Berkeley
Pooled Cash and Investments
As of September 30, 2019

CUSIP	Investment #	Issuer	Book Value	Par Value	Market Value	Current Rate	YTM/C 365	Maturity Date	Days To Maturity	Credit Rating
Federal Agency Coupon Securities										
3133EJAD1	14528	Federal Farm Credit Bank	10,000,000.00	10,000,000.00	10,037,700.00	2.150	2.150	12/23/2020	449	AAA
3130ADKF8	14529	Federal Home Loan Banks	15,000,000.00	15,000,000.00	15,011,700.00	2.100	2.100	01/30/2020	121	AAA
3130ADUB6	14533 T1	Federal Home Loan Banks	21,000,000.00	21,000,000.00	21,021,000.00	2.320	2.321	12/19/2019	79	AAA
3133EG7F6	14517	Federal Farm Credit Bank	5,000,000.00	5,000,000.00	4,995,200.00	1.750	1.750	02/16/2021	504	AAA
3133EHBA0	14520	Federal Farm Credit Bank	6,500,000.00	6,500,000.00	6,491,680.00	1.520	1.520	03/02/2020	153	AAA
3133EHQB2	14527	Federal Farm Credit Bank	9,001,000.00	9,001,000.00	8,982,998.00	1.550	1.550	07/06/2020	279	AAA
3130AAS82	14519	Federal Home Loan Banks	9,999,762.58	10,000,000.00	9,988,000.00	1.550	1.557	02/06/2020	128	AAA
3130ABTD8	14526	Federal Home Loan Banks	15,000,000.00	15,000,000.00	14,997,300.00	1.450	1.450	10/18/2019	17	AAA
3137EAAE5	14516	Federal Home Loan Mortgage Co	4,999,949.72	5,000,000.00	4,993,900.00	1.500	1.503	01/17/2020	108	AAA
3135G0T29	14521	Federal National Mortgage Assn	3,500,000.00	3,500,000.00	3,494,050.00	1.500	1.500	02/28/2020	150	AAA
3135G0T29	14522	Federal National Mortgage Assn	9,994,401.49	10,000,000.00	9,983,000.00	1.500	1.641	02/28/2020	150	AAA
Subtotal and Average			109,995,113.79	110,001,000.00	109,996,528.00		1.826		164	
Federal Agency Callable										
3130AFKR7	14550	Federal Home Loan Banks	5,000,000.00	5,000,000.00	5,070,400.00	3.100	3.100	12/28/2023	1,549	AAA
Subtotal and Average			5,000,000.00	5,000,000.00	5,070,400.00		3.100		1,549	
Federal Agency Continuously Callable										
31422BAR1	14553	Farmer Mac	5,000,000.00	5,000,000.00	5,011,100.00	3.230	3.230	12/27/2023	1,548	N/A
3133EKQ66	14581	Federal Farm Credit Bank	5,000,000.00	5,000,000.00	5,000,250.00	2.100	2.100	09/19/2022	1,084	AAA
3130A7GZ2	14500	Federal Home Loan Banks	5,000,000.00	5,000,000.00	5,001,200.00	1.250	1.250	03/30/2021	546	AAA
3130A9YW5	14512	Federal Home Loan Banks	4,999,952.78	5,000,000.00	4,995,600.00	1.190	1.197	11/22/2019	52	AAA
3130AAJZ2	14513	Federal Home Loan Banks	3,742,500.00	3,742,500.00	3,742,911.68	1.750	1.750	04/27/2020	209	AAA
3130AGQV0	14575	Federal Home Loan Banks	35,000,000.00	35,000,000.00	35,001,750.00	2.100	2.100	07/15/2019	288	AAA
3130AGT54	14578	Federal Home Loan Banks	5,000,000.00	5,000,000.00	5,000,500.00	2.100	2.100	04/29/2021	576	AAA
3130AGTJ4	14579	Federal Home Loan Banks	5,000,000.00	5,000,000.00	5,002,250.00	2.100	2.101	04/29/2021	576	AAA
3134G7S77	14358	Federal Home Loan Mortgage Co	5,000,000.00	5,000,000.00	4,999,650.00	2.000	1.125	10/29/2020	394	AAA
3134GTL92	14576	Federal Home Loan Mortgage Co	5,000,000.00	5,000,000.00	5,000,850.00	2.450	2.450	07/25/2024	1,759	AAA
3134GTK69	14577	Federal Home Loan Mortgage Co	10,000,000.00	10,000,000.00	10,007,600.00	2.200	2.200	7/29/2022	1,032	AAA
3135G0S46	14514	Federal National Mortgage Assn	5,000,000.00	5,000,000.00	4,994,450.00	1.650	1.650	01/27/2020	118	AAA
3135G0S46	14515	Federal National Mortgage Assn	5,000,000.00	5,000,000.00	4,994,450.00	1.650	1.650	01/27/2020	118	AAA
3136G4LP6	14518	Federal National Mortgage Assn	5,000,000.00	5,000,000.00	4,996,100.00	1.800	1.800	08/28/2020	332	AAA
Subtotal and Average			103,742,452.78	103,742,500.00	103,748,661.68		1.979		546	



City of Berkeley
 Pooled Cash and Investments
 As of September 30, 2019

CUSIP	Investment #	Issuer	Book Value	Par Value	Market Value	Current Rate	YTM/C 365	Maturity Date	Days To Maturity	Credit Rating
Municipal Bonds										
13063DGB8	14559	General Obligation Unlimited	5,080,740.89	5,000,000.00	5,309,350.00	3.375	3.087	04/01/2025	2,009	AA3
672319CA6	14282	Oakland CA Pension Obligation	5,000,000.00	5,000,000.00	5,011,250.00	3.267	3.267	12/15/2019	75	AA3
Subtotal and Average			10,080,740.89	10,000,000.00	10,320,600.00		3.177		1,049	
Fidelity Money Market										
SYS14265	14265	Fidelity Money Market	51,059,112.96	51,059,112.96	51,059,112.96	0.003	0.003		1	
SYS14190	14190	Fidelity Money Market - TRANS	34,929,373.03	34,929,373.03	34,929,373.03	0.002	0.002			
Subtotal and Average			85,988,485.99	85,988,485.99	85,988,485.99		0.003		1	
Total Investments and Average			404,788,383.74	403,956,985.99	408,203,322.73		0.003		1	

Total Investments (Book Value)	404,788,383.74
Cash	13,865,935.00
Total Investments (Book Value) and Cash	418,654,318.74
Increase / (Decrease) in Market Value of Securities	3,414,938.99
Total Investments (Market Value) and Cash	422,069,257.73



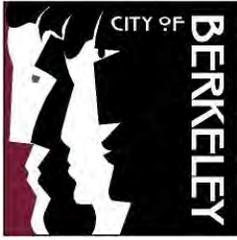
Pooled Investment - Long Term
Interest Earnings
Sorted by Fund - Fund
September 1, 2019 - September 30, 2019
Yield on Beginning Book Value

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
3130AFKR7	14550	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	12/28/2023	3.100	3.143	12,916.67	0.00	12,916.67
3130ADUB6	14533 T1	010	FAC	21,000,000.00	21,000,000.00	21,000,000.00	12/19/2019	2.320	2.352	40,600.00	0.00	40,600.00
3130AAJZ2	14513	010	MC5	3,742,500.00	3,742,500.00	3,742,500.00	04/27/2020	1.750	1.774	5,457.81	0.00	5,457.81
3130A9YW5	14512	010	MC5	5,000,000.00	4,999,925.00	4,999,952.78	11/22/2019	1.190	1.213	4,958.33	27.78	4,986.11
3130AAS82	14519	010	FAC	10,000,000.00	9,999,705.60	9,999,762.58	02/06/2020	1.550	1.579	12,916.67	56.98	12,973.65
3130ABTD8	14526	010	FAC	15,000,000.00	15,000,000.00	15,000,000.00	10/18/2019	1.450	1.470	18,125.00	0.00	18,125.00
3130ADKF8	14529	010	FAC	15,000,000.00	15,000,000.00	15,000,000.00	01/30/2020	2.100	2.129	26,250.00	0.00	26,250.00
3130AGQV0	14575	010	MC5	35,000,000.00	35,000,000.00	35,000,000.00	07/15/2020	2.100	2.129	61,250.00	0.00	61,250.00
3130AGTJ4	14579	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	04/29/2021	2.100	2.129	8,750.00	0.00	8,750.00
3130AGT54	14578	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	04/29/2021	2.100	2.129	8,750.00	0.00	8,750.00
3133EHBA0	14520	010	FAC	6,500,000.00	6,500,000.00	6,500,000.00	03/02/2020	1.520	1.541	8,233.33	0.00	8,233.33
3133EG7F6	14517	010	FAC	5,000,000.00	5,000,000.00	5,000,000.00	02/16/2021	1.750	1.774	7,291.67	0.00	7,291.67
3133EKQ66	14581	010	MC5	5,000,000.00	0.00	5,000,000.00	09/19/2022	2.100	2.129	3,500.00	0.00	3,500.00
3133EKQZ2	14573	010	MC5	0.00	5,000,000.00	0.00	12/17/2021	2.370	2.403	5,266.67	0.00	5,266.67
3133EKQT6	14572	010	FAC	0.00	5,000,000.00	0.00	09/13/2023	2.490	2.525	4,150.00	0.00	4,150.00
3133EHQB2	14527	010	FAC	9,001,000.00	9,001,000.00	9,001,000.00	07/06/2020	1.550	1.572	11,626.29	0.00	11,626.29
3133EJAD1	14528	010	FAC	10,000,000.00	10,000,000.00	10,000,000.00	12/23/2020	2.150	2.180	17,916.67	0.00	17,916.67
3134GSVB8	14547	010	MC5	0.00	5,000,000.00	0.00	09/13/2023	3.250	3.295	5,416.67	0.00	5,416.67
3134GTK69	14577	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	07/29/2022	2.200	2.231	18,333.33	0.00	18,333.33
3134GTL92	14576	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	07/25/2024	2.450	2.484	10,208.33	0.00	10,208.33
3137EAEE5	14516	010	FAC	5,000,000.00	4,999,935.48	4,999,949.72	01/17/2020	1.500	1.524	6,250.00	14.24	6,264.24
3134G7S77	14358	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	10/29/2020	2.000	2.028	8,333.33	0.00	8,333.33
3135G0S46	14515	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	01/27/2020	1.650	1.673	6,875.00	0.00	6,875.00
3135G0T29	14522	010	FAC	10,000,000.00	9,993,258.94	9,994,401.49	02/28/2020	1.500	1.661	12,500.00	1,142.55	13,642.55
3135G0S46	14514	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	01/27/2020	1.650	1.673	6,875.00	0.00	6,875.00
3136G4LP6	14518	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	08/28/2020	1.800	1.825	7,500.00	0.00	7,500.00
3135G0T29	14521	010	FAC	3,500,000.00	3,500,000.00	3,500,000.00	02/28/2020	1.500	1.521	4,375.00	0.00	4,375.00
53944VAS8	14580	010	MTN	5,000,000.00	0.00	5,006,867.70	08/14/2022	2.250	2.230	4,687.50	-99.72	4,587.78
672319CA6	14282	010	MUN	5,000,000.00	5,000,000.00	5,000,000.00	12/15/2019	3.267	3.312	13,612.50	0.00	13,612.50
037833AK6	14536	010	MTN	5,000,000.00	4,860,793.75	4,863,952.75	05/03/2023	2.400	3.294	10,000.00	3,159.00	13,159.00

Pooled Investment - Long Term
Interest Earnings
September 1, 2019 - September 30, 2019

Exhibit 2-B.1

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
254673RD0	14539	010	SCD	250,000.00	250,000.00	250,000.00	07/05/2023	3.300	3.300	678.08	0.00	678.08
06406HBY4	14538	010	MC3	3,542,000.00	3,574,948.51	3,573,616.36	09/23/2021	3.550	3.113	10,478.42	-1,332.15	9,146.27
06406FAB9	14541	010	MC3	1,458,000.00	1,434,565.34	1,435,733.18	05/03/2021	2.050	3.103	2,490.75	1,167.84	3,658.59
795450T47	14540	010	SCD	250,000.00	250,000.00	250,000.00	07/03/2023	3.300	3.300	678.08	0.00	678.08
084670BJ6	14542	010	MTN	5,000,000.00	4,976,055.69	4,976,634.99	02/11/2023	3.000	3.198	12,500.00	579.30	13,079.30
31422BAR1	14553	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	12/27/2023	3.230	3.275	13,458.33	0.00	13,458.33
589331AT4	14545	010	MTN	5,000,000.00	4,910,552.79	4,913,005.64	09/15/2022	2.400	3.085	10,000.00	2,452.85	12,452.85
68389XAS4	14548	010	MTN	5,000,000.00	5,039,943.01	5,039,083.41	07/15/2023	3.625	3.439	15,104.17	-859.60	14,244.57
24422EUM9	14554	010	MTN	5,000,000.00	5,065,964.40	5,064,628.18	10/12/2023	3.650	3.332	15,208.33	-1,336.22	13,872.11
540424AQ1	14555	010	MTN	5,000,000.00	4,875,814.68	4,878,607.45	05/15/2023	2.625	3.426	10,937.50	2,792.77	13,730.27
693475AV7	14557	010	MC3	5,000,000.00	5,025,749.14	5,025,260.85	01/23/2024	3.500	3.412	14,583.33	-488.29	14,095.04
13063DGB8	14559	010	MUN	5,000,000.00	5,081,964.24	5,080,740.89	04/01/2025	3.375	3.074	14,062.50	-1,223.35	12,839.15
49327M2X1	14560	010	MTN	5,000,000.00	5,022,907.98	5,022,118.05	02/01/2022	3.300	3.139	13,750.00	-789.93	12,960.07
05531FBF9	14561	010	MC3	5,000,000.00	5,145,563.51	5,142,718.62	12/06/2023	3.750	3.022	15,625.00	-2,844.89	12,780.11
91159HHU7	14562	010	MC3	5,000,000.00	5,262,692.59	5,259,168.09	11/17/2025	3.950	2.990	16,458.33	-3,524.50	12,933.83
20030NBN0	14563	010	MTN	5,000,000.00	5,073,783.32	5,072,750.91	08/15/2025	3.375	3.125	14,062.50	-1,032.41	13,030.09
747525AT0	14564	010	MTN	5,000,000.00	4,967,367.52	4,967,943.73	05/20/2024	2.900	3.101	12,083.33	576.21	12,659.54
751212AC5	14566	010	MC3	5,000,000.00	5,172,649.55	5,170,267.09	09/15/2025	3.750	-0.560	0.00	-2,382.46	-2,382.46
375558BF9	14570	010	MTN	5,000,000.00	5,154,754.88	5,152,770.85	03/01/2026	3.650	3.121	15,208.33	-1,984.03	13,224.30
233851CU6	14574	010	MTN	3,725,000.00	3,834,480.08	3,833,238.34	01/06/2027	3.450	3.004	10,709.38	-1,241.74	9,467.64
233851CU6	14571	010	MTN	5,000,000.00	5,084,178.87	5,083,224.10	01/06/2027	3.450	3.212	14,375.00	-954.77	13,420.23
			Subtotal	312,968,500.00	318,801,054.87	313,799,897.75			2.307	605,377.13	-8,124.54	597,252.59
			Total	312,968,500.00	318,801,054.87	313,799,897.75			2.307	605,377.13	-8,124.54	597,252.59



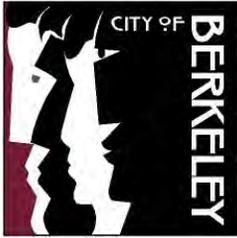
Pooled Investment - Long Term
Interest Earnings
Sorted by Fund - Fund
August 1, 2019 - August 30, 2019
Yield on Average Book Value

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
3130AFKR7	14550	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	12/28/2023	3.100	3.143	12,916.67	0.00	12,916.67
3130ADUB6	14533 T1	010	FAC	21,000,000.00	21,000,000.00	21,000,000.00	12/19/2019	2.320	2.352	40,600.00	0.00	40,600.00
3130AAJZ2	14513	010	MC5	3,742,500.00	3,742,500.00	3,742,500.00	04/27/2020	1.750	1.774	5,457.81	0.00	5,457.81
3130A9YW5	14512	010	MC5	5,000,000.00	4,999,897.22	4,999,911.57	11/22/2019	1.190	1.213	4,958.33	27.78	4,986.11
3130AAS82	14519	010	FAC	10,000,000.00	9,999,648.62	9,999,678.06	02/06/2020	1.550	1.579	12,916.67	56.98	12,973.65
3130ABTD8	14526	010	FAC	15,000,000.00	15,000,000.00	15,000,000.00	10/18/2019	1.450	1.470	18,125.00	0.00	18,125.00
3130ADKF8	14529	010	FAC	15,000,000.00	15,000,000.00	15,000,000.00	01/30/2020	2.100	2.058	25,375.00	0.00	25,375.00
3130AGQV0	14575	010	MC5	35,000,000.00	35,000,000.00	35,000,000.00	07/15/2020	2.100	2.129	61,250.00	0.00	61,250.00
3130AGTJ4	14579	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	04/29/2021	2.100	2.129	8,750.00	0.00	8,750.00
3130AGT54	14578	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	04/29/2021	2.100	2.129	8,750.00	0.00	8,750.00
3133EHBA0	14520	010	FAC	6,500,000.00	6,500,000.00	6,500,000.00	03/02/2020	1.520	1.541	8,233.33	0.00	8,233.33
3133EG7F6	14517	010	FAC	5,000,000.00	5,000,000.00	5,000,000.00	02/16/2021	1.750	1.774	7,291.67	0.00	7,291.67
3133EKQZ2	14573	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	12/17/2021	2.370	2.403	9,875.00	0.00	9,875.00
3133EKQT6	14572	010	FAC	5,000,000.00	5,000,000.00	5,000,000.00	09/13/2023	2.490	2.525	10,375.00	0.00	10,375.00
3133EHQB2	14527	010	FAC	9,001,000.00	9,001,000.00	9,001,000.00	07/06/2020	1.550	1.572	11,626.29	0.00	11,626.29
3133EJAD1	14528	010	FAC	10,000,000.00	10,000,000.00	10,000,000.00	12/23/2020	2.150	2.180	17,916.67	0.00	17,916.67
3133EGAW5	14504	010	MC5	0.00	5,000,000.00	3,000,000.00	08/19/2019	1.250	1.267	3,125.00	0.00	3,125.00
3134GSVB8	14547	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	09/13/2023	3.250	3.295	13,541.67	0.00	13,541.67
3134GTK69	14577	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	07/29/2022	2.200	2.231	18,333.33	0.00	18,333.33
3134GTL92	14576	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	07/25/2024	2.450	2.484	10,208.33	0.00	10,208.33
3137EAEE5	14516	010	FAC	5,000,000.00	4,999,921.25	4,999,928.61	01/17/2020	1.500	1.524	6,250.00	14.23	6,264.23
3134G7S77	14358	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	10/29/2020	2.000	2.028	8,333.33	0.00	8,333.33
3135G0S46	14515	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	01/27/2020	1.650	1.673	6,875.00	0.00	6,875.00
3135G0T29	14522	010	FAC	10,000,000.00	9,992,116.39	9,992,706.71	02/28/2020	1.500	1.661	12,500.00	1,142.55	13,642.55
3135G0S46	14514	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	01/27/2020	1.650	1.673	6,875.00	0.00	6,875.00
3136G4LP6	14518	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	08/28/2020	1.800	1.825	7,500.00	0.00	7,500.00
3135G0T29	14521	010	FAC	3,500,000.00	3,500,000.00	3,500,000.00	02/28/2020	1.500	1.521	4,375.00	0.00	4,375.00
672319CA6	14282	010	MUN	5,000,000.00	5,000,000.00	5,000,000.00	12/15/2019	3.267	3.312	13,612.50	0.00	13,612.50
037833AK6	14536	010	MTN	5,000,000.00	4,857,634.76	4,859,266.91	05/03/2023	2.400	3.295	10,000.00	3,158.99	13,158.99
254673RD0	14539	010	SCD	250,000.00	250,000.00	250,000.00	07/05/2023	3.300	3.300	678.08	0.00	678.08

Pooled Investment - Long Term
Interest Earnings
August 1, 2019 - August 30, 2019

Exhibit 2-B.2

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
06406HBY4	14538	010	MC3	3,542,000.00	3,576,280.66	3,575,592.38	09/23/2021	3.550	3.112	10,478.42	-1,332.15	9,146.27
06406FAB9	14541	010	MC3	1,458,000.00	1,433,397.50	1,434,000.89	05/03/2021	2.050	3.104	2,490.75	1,167.84	3,658.59
795450T47	14540	010	SCD	250,000.00	250,000.00	250,000.00	07/03/2023	3.300	3.300	678.08	0.00	678.08
084670BJ6	14542	010	MTN	5,000,000.00	4,975,476.39	4,975,775.70	02/11/2023	3.000	3.198	12,500.00	579.30	13,079.30
31422BAR1	14553	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	12/27/2023	3.230	3.275	13,458.33	0.00	13,458.33
3132X04Z1	14544	010	MC5	0.00	5,000,000.00	2,333,333.33	08/15/2023	3.250	3.295	6,319.44	0.00	6,319.44
589331AT4	14545	010	MTN	5,000,000.00	4,908,099.94	4,909,367.25	09/15/2022	2.400	3.086	10,000.00	2,452.85	12,452.85
68389XAS4	14548	010	MTN	5,000,000.00	5,040,802.62	5,040,358.49	07/15/2023	3.625	3.438	15,104.17	-859.61	14,244.56
24422EUM9	14554	010	MTN	5,000,000.00	5,067,300.61	5,066,610.23	10/12/2023	3.650	3.331	15,208.33	-1,336.21	13,872.12
540424AQ1	14555	010	MTN	5,000,000.00	4,873,021.90	4,874,464.84	05/15/2023	2.625	3.427	10,937.50	2,792.78	13,730.28
693475AV7	14557	010	MC3	5,000,000.00	5,026,237.43	5,025,985.15	01/23/2024	3.500	3.412	14,583.33	-488.29	14,095.04
13063DGB8	14559	010	MUN	5,000,000.00	5,083,187.58	5,082,555.52	04/01/2025	3.375	3.073	14,062.50	-1,223.34	12,839.16
49327M2X1	14560	010	MTN	5,000,000.00	5,023,697.91	5,023,289.78	02/01/2022	3.300	3.139	13,750.00	-789.93	12,960.07
05531FBF9	14561	010	MC3	5,000,000.00	5,148,408.40	5,146,938.54	12/06/2023	3.750	3.021	15,625.00	-2,844.89	12,780.11
91159HHU7	14562	010	MC3	5,000,000.00	5,266,217.08	5,264,396.09	11/17/2025	3.950	2.989	16,458.33	-3,524.49	12,933.84
20030NBN0	14563	010	MTN	5,000,000.00	5,074,815.74	5,074,282.32	08/15/2025	3.375	3.124	14,062.50	-1,032.42	13,030.08
747525AT0	14564	010	MTN	5,000,000.00	4,966,791.32	4,967,089.03	05/20/2024	2.900	3.101	12,083.33	576.20	12,659.53
751212AC5	14566	010	MC3	5,000,000.00	5,175,032.02	5,173,801.08	09/15/2025	3.750	-0.560	0.00	-2,382.47	-2,382.47
375558BF9	14570	010	MTN	5,000,000.00	5,156,738.92	5,155,713.83	03/01/2026	3.650	3.121	15,208.33	-1,984.04	13,224.29
233851CU6	14574	010	MTN	3,725,000.00	3,835,721.82	3,835,080.26	01/06/2027	3.450	3.004	10,709.38	-1,241.74	9,467.64
233851CU6	14571	010	MTN	5,000,000.00	5,085,133.64	5,084,640.34	01/06/2027	3.450	3.211	14,375.00	-954.77	13,420.23
			Subtotal	317,968,500.00	328,809,079.72	324,138,266.91			2.315	624,717.40	-8,024.85	616,692.55
			Total	317,968,500.00	328,809,079.72	324,138,266.91			2.315	624,717.40	-8,024.85	616,692.55



Pooled Investment - Long Term
Interest Earnings
Sorted by Fund - Fund
July 1, 2019 - July 31, 2019
Yield on Average Book Value

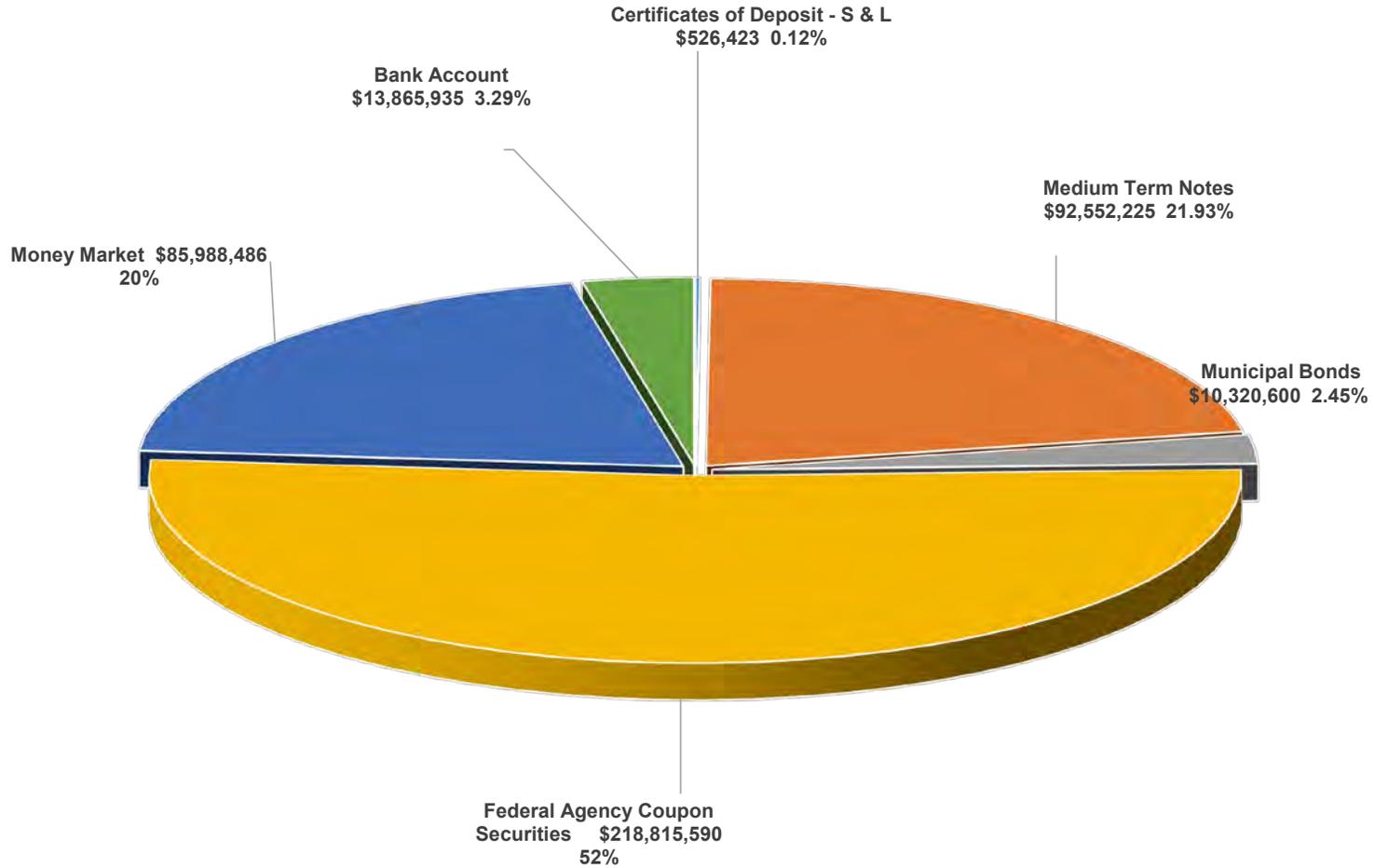
CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
3130AFKR7	14550	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	12/28/2023	3.100	3.042	12,916.67	0.00	12,916.67
3130ADUB6	14533 T1	010	FAC	21,000,000.00	21,000,000.00	21,000,000.00	12/19/2019	2.320	2.276	40,600.00	0.00	40,600.00
3130AAJZ2	14513	010	MC5	3,742,500.00	3,742,500.00	3,742,500.00	04/27/2020	1.750	1.717	5,457.81	0.00	5,457.81
3130A9YW5	14512	010	MC5	5,000,000.00	4,999,869.44	4,999,884.23	11/22/2019	1.190	1.174	4,958.33	27.78	4,986.11
3130AAS82	14519	010	FAC	10,000,000.00	9,999,591.64	9,999,621.97	02/06/2020	1.550	1.528	12,916.67	56.98	12,973.65
3130ABTD8	14526	010	FAC	15,000,000.00	15,000,000.00	15,000,000.00	10/18/2019	1.450	1.423	18,125.00	0.00	18,125.00
3130ADKF8	14529	010	FAC	15,000,000.00	15,000,000.00	15,000,000.00	01/30/2020	2.100	2.060	26,250.00	0.00	26,250.00
3130AGQV0	14575	010	MC5	35,000,000.00	0.00	19,193,548.39	07/15/2020	2.100	2.004	32,666.67	0.00	32,666.67
3130AGTJ4	14579	010	MC5	5,000,000.00	0.00	483,870.97	04/29/2021	2.100	1.419	583.33	0.00	583.33
3130AGT54	14578	010	MC5	5,000,000.00	0.00	483,870.97	04/29/2021	2.100	1.419	583.33	0.00	583.33
3133EHBA0	14520	010	FAC	6,500,000.00	6,500,000.00	6,500,000.00	03/02/2020	1.520	1.491	8,233.33	0.00	8,233.33
3133EG7F6	14517	010	FAC	5,000,000.00	5,000,000.00	5,000,000.00	02/16/2021	1.750	1.717	7,291.67	0.00	7,291.67
3133EKQZ2	14573	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	12/17/2021	2.370	2.325	9,875.00	0.00	9,875.00
3133EKJB3	14565	010	MC5	0.00	5,000,000.00	3,548,387.10	07/23/2025	3.040	3.082	9,288.89	0.00	9,288.89
3133EKQT6	14572	010	FAC	5,000,000.00	5,000,000.00	5,000,000.00	09/13/2023	2.490	2.443	10,375.00	0.00	10,375.00
3133EHQB2	14527	010	FAC	9,001,000.00	9,001,000.00	9,001,000.00	07/06/2020	1.550	1.521	11,626.29	0.00	11,626.29
3133EJAD1	14528	010	FAC	10,000,000.00	10,000,000.00	10,000,000.00	12/23/2020	2.150	2.110	17,916.67	0.00	17,916.67
3133EGAW5	14504	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	08/19/2019	1.250	1.226	5,208.33	0.00	5,208.33
3134GSVB8	14547	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	09/13/2023	3.250	3.189	13,541.67	0.00	13,541.67
3134GTK69	14577	010	MC5	10,000,000.00	0.00	967,741.94	07/29/2022	2.200	1.487	1,222.22	0.00	1,222.22
3134GTL92	14576	010	MC5	5,000,000.00	0.00	1,129,032.26	07/25/2024	2.450	2.129	2,041.67	0.00	2,041.67
3137EAAE5	14516	010	FAC	5,000,000.00	4,999,907.02	4,999,914.60	01/17/2020	1.500	1.475	6,250.00	14.23	6,264.23
3134G7S77	14358	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	10/29/2020	2.000	1.962	8,333.33	0.00	8,333.33
3135G0S46	14515	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	01/27/2020	1.650	1.619	6,875.00	0.00	6,875.00
3135G0T29	14522	010	FAC	10,000,000.00	9,990,973.84	9,991,581.97	02/28/2020	1.500	1.608	12,500.00	1,142.55	13,642.55
3135G0S46	14514	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	01/27/2020	1.650	1.619	6,875.00	0.00	6,875.00
3136G4LP6	14518	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	08/28/2020	1.800	1.766	7,500.00	0.00	7,500.00
3135G0T29	14521	010	FAC	3,500,000.00	3,500,000.00	3,500,000.00	02/28/2020	1.500	1.472	4,375.00	0.00	4,375.00
672319CA6	14282	010	MUN	5,000,000.00	5,000,000.00	5,000,000.00	12/15/2019	3.267	3.206	13,612.50	0.00	13,612.50
037833AK6	14536	010	MTN	5,000,000.00	4,854,475.77	4,856,157.17	05/03/2023	2.400	3.191	10,000.00	3,158.99	13,158.99

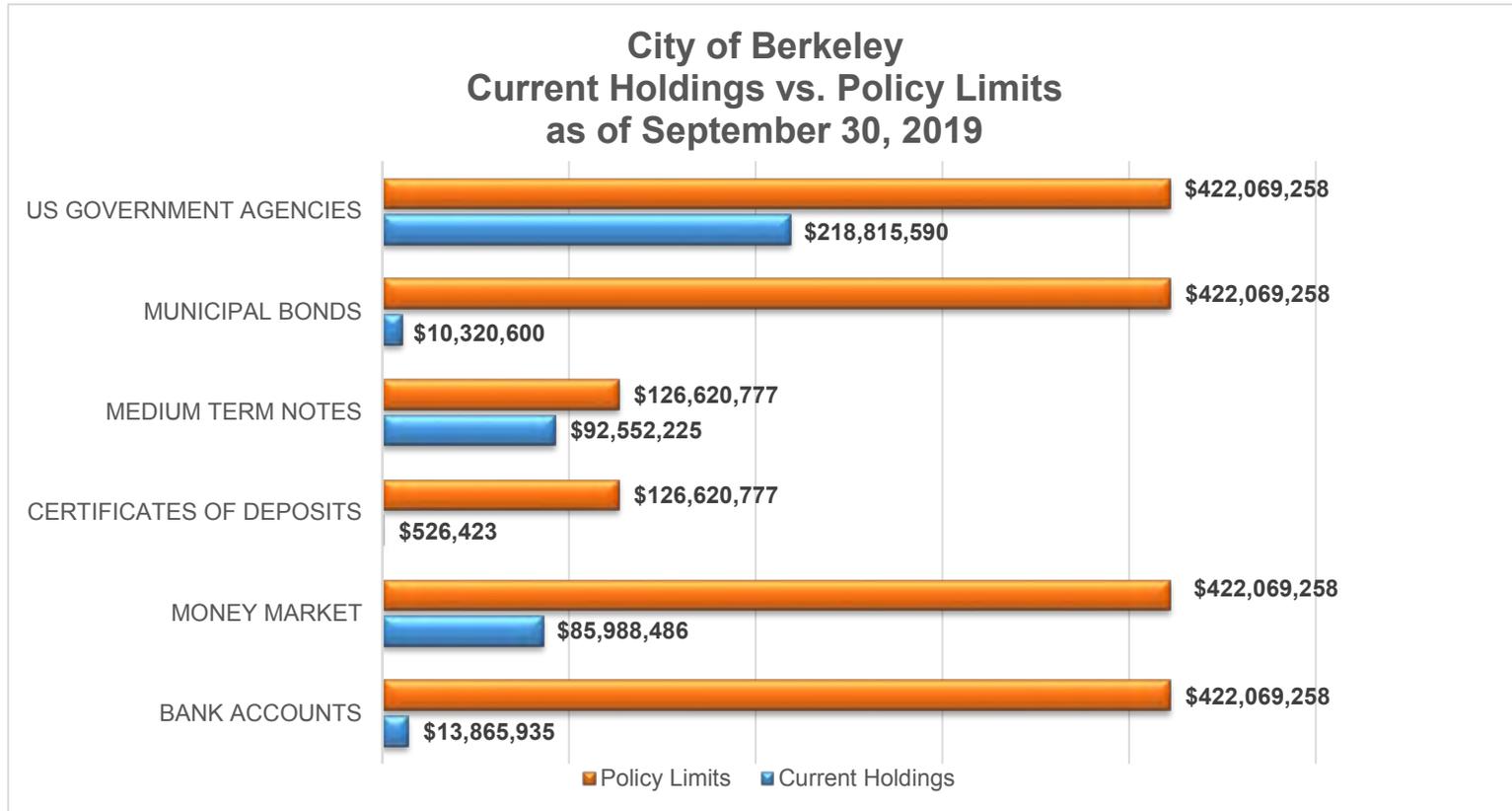
Pooled Investment - Long Term
Interest Earnings
July 1, 2019 - July 31, 2019

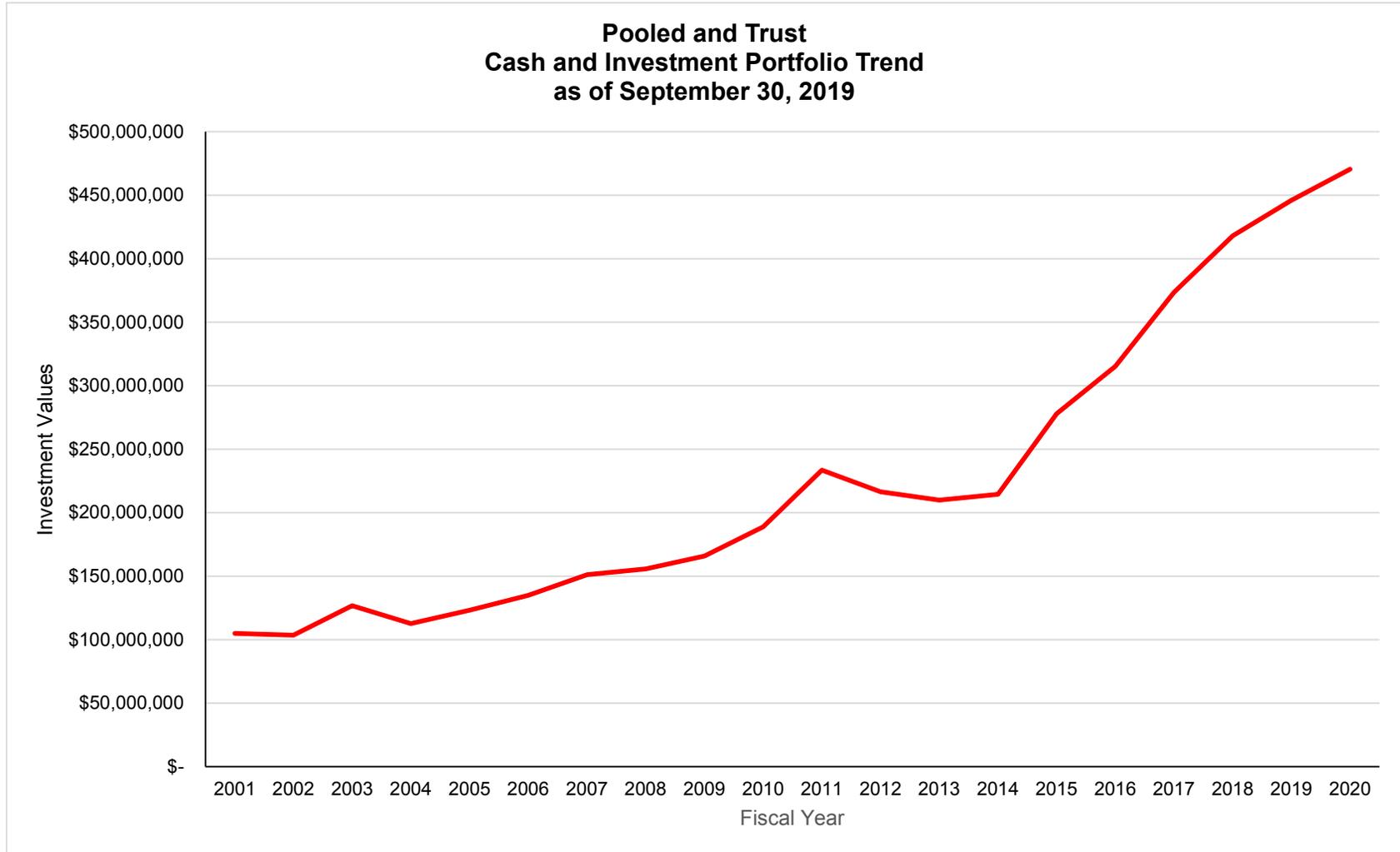
Exhibit 2-B.3

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
254673RD0	14539	010	SCD	250,000.00	250,000.00	250,000.00	07/05/2023	3.300	3.300	700.68	0.00	700.68
06406HBY4	14538	010	MC3	3,542,000.00	3,577,612.81	3,576,903.76	09/23/2021	3.550	3.011	10,478.42	-1,332.15	9,146.27
06406FAB9	14541	010	MC3	1,458,000.00	1,432,229.66	1,432,851.25	05/03/2021	2.050	3.006	2,490.75	1,167.84	3,658.59
795450T47	14540	010	SCD	250,000.00	250,000.00	250,000.00	07/03/2023	3.300	3.300	700.68	0.00	700.68
084670BJ6	14542	010	MTN	5,000,000.00	4,974,897.09	4,975,205.43	02/11/2023	3.000	3.095	12,500.00	579.30	13,079.30
31422BAR1	14553	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	12/27/2023	3.230	3.169	13,458.33	0.00	13,458.33
3132X04Z1	14544	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	08/15/2023	3.250	3.189	13,541.67	0.00	13,541.67
589331AT4	14545	010	MTN	5,000,000.00	4,905,647.09	4,906,952.64	09/15/2022	2.400	2.988	10,000.00	2,452.85	12,452.85
68389XAS4	14548	010	MTN	5,000,000.00	5,041,662.23	5,041,204.69	07/15/2023	3.625	3.327	15,104.17	-859.61	14,244.56
24422EUM9	14554	010	MTN	5,000,000.00	5,068,636.82	5,067,925.61	10/12/2023	3.650	3.223	15,208.33	-1,336.21	13,872.12
540424AQ1	14555	010	MTN	5,000,000.00	4,870,229.13	4,871,715.61	05/15/2023	2.625	3.318	10,937.50	2,792.77	13,730.27
693475AV7	14557	010	MC3	5,000,000.00	5,026,725.72	5,026,465.83	01/23/2024	3.500	3.302	14,583.33	-488.29	14,095.04
13063DGB8	14559	010	MUN	5,000,000.00	5,084,410.93	5,083,759.79	04/01/2025	3.375	2.974	14,062.50	-1,223.35	12,839.15
49327M2X1	14560	010	MTN	5,000,000.00	5,024,487.84	5,024,067.39	02/01/2022	3.300	3.037	13,750.00	-789.93	12,960.07
05531FBF9	14561	010	MC3	5,000,000.00	5,151,253.29	5,149,739.07	12/06/2023	3.750	2.922	15,625.00	-2,844.89	12,780.11
91159HHU7	14562	010	MC3	5,000,000.00	5,269,741.58	5,267,865.64	11/17/2025	3.950	2.891	16,458.33	-3,524.50	12,933.83
20030NBN0	14563	010	MTN	5,000,000.00	5,075,848.15	5,075,298.64	08/15/2025	3.375	3.023	14,062.50	-1,032.41	13,030.09
747525AT0	14564	010	MTN	5,000,000.00	4,966,215.11	4,966,521.80	05/20/2024	2.900	3.001	12,083.33	576.21	12,659.54
751212AC5	14566	010	MC3	5,000,000.00	5,177,414.49	5,176,146.40	09/15/2025	3.750	-0.542	0.00	-2,382.47	-2,382.47
375558BF9	14570	010	MTN	5,000,000.00	5,158,722.96	5,157,666.94	03/01/2026	3.650	3.019	15,208.33	-1,984.04	13,224.29
233851CU6	14574	010	MTN	3,725,000.00	3,836,963.56	3,836,302.64	01/06/2027	3.450	2.906	10,709.38	-1,241.74	9,467.64
233851CU6	14571	010	MTN	5,000,000.00	5,086,088.41	5,085,580.23	01/06/2027	3.450	3.107	14,375.00	-954.77	13,420.23
			Subtotal	327,968,500.00	273,817,104.58	294,619,284.92			2.262	574,037.61	-8,024.86	566,012.75
			Total	327,968,500.00	273,817,104.58	294,619,284.92			2.262	574,037.61	-8,024.86	566,012.75

Pooled Cash and Investments
(Market Value)
as of September 30, 2019



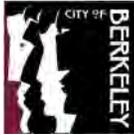






**Summary of Pooled Cash and Investments - Trust Funds
(Market Value)
As of September 30, 2019**

		<u>Pooled Cash</u>	<u>Investments (Book Value)</u>	<u>Gain/Loss on Investments</u>	<u>Pooled Cash & Investments (Market Value)</u>
Retiree Medical Trust Fund					
Fund No.					
941	BHA	\$ 88,894	\$ 310,142	\$ 10,855	\$ 409,891
942	M1=IBEW	(4,996)	168,374	9,564	172,942
943	M2=Local 1	1,403,014	6,845,689	394,166	8,642,869
944	MUI=Z1	213,329	1,725,351	110,003	2,048,683
945	MUI=Z2 to Z6	301,029	2,264,381	134,379	2,699,789
946	M535= Local 535	1,046,449	7,236,178	455,913	8,738,540
947	M3=Local 790	664,140	5,120,881	234,537	6,019,558
Total Retiree Medical Trust Fund		3,711,859	23,670,996	1,349,417	28,732,273
Fire Medical Trust Fund					
949	Fire Medical Trust Fund	407,166	10,727,003	395,073	11,529,242
Total Fire Medical Trust Fund		407,166	10,727,003	395,073	11,529,242
Police Medical Trust Fund					
903	Police EE Retiree HLT Assistance Plan	102,101	2,025,019	392,740.64	2,127,120
905	Safety Members Pension Fund	(1,602)	-	-	(1,602)
950	Police Medical Trust Fund	(42,525)	5,805,389	(148,421.38)	5,614,442
Total Police Medical Trust Fund		57,974	7,830,407	244,319	8,132,701
Total Trust Funds		\$ 4,176,999	\$ 42,228,407	\$ 1,988,809	\$ 48,394,216



Retiree Medical Trust Fund
Fund 941 - 947
Interest Earnings
July 1 to September 30, 2019

Investments September 30, 2019									Interest Earnings July 1 to September 30, 2019				
CUSIP	Investment #	Issuer	Par Value	Beginning Book Value	Ending Book Value	Market Value	Maturity Date	Moody's Rating	Adjusted Interest Earnings				
									Current Rate	Annualized Yield	Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Medium Term Notes													
06744CUS8	14530	Barclays Bank PLC	6,000,000.00	6,000,000.00	6,000,000.00	6,019,500.00	02/08/2028	A2	3.125	3.100	46,875.00	-	46,875.00
61747WAF6	14224	Morgan Stanley	1,666,666.67	1,682,117.44	1,679,651.89	1,743,966.67	01/25/2021	A3	5.750	5.069	23,958.33	(2,465.55)	21,492.78
Federal Agency Coupon Securities													
3133EFQT7	14361	Fed Farm Credit Bank	2,600,000.00	2,611,642.09	2,611,187.32	2,748,512.00	11/25/2025	AAA	2.700	2.597	17,550.00	(454.77)	17,095.23
Federal Agency Continuously Callable													
3130H0CE1	14567	Farmer Mac	3,556,000.00	3,556,000.00	3,556,000.00	3,573,282.16	05/01/2029	N/A	3.400	3.372	30,226.00	-	30,226.00
3134GAWD2	14510	Fed Home Loan Mortgage Corp	1,500,000.00	1,500,000.00	1,500,000.00	1,498,530.00	11/27/2019	AAA	1.300	1.289	4,875.00	-	4,875.00
Municipal Bonds													
672319CC2	14283	OAKGEN	2,750,000.00	2,737,697.34	2,738,949.87	2,835,772.50	12/15/2021	AA3	3.800	3.967	26,125.00	1,252.53	27,377.53
786091AG3	14316	SACGEN	5,000,000.00	5,328,715.55	5,315,206.69	6,330,850.00	08/01/2025	A3	7.250	5.742	90,625.00	(13,508.86)	77,116.14
Savo Island Loan													
SYS10988	10988	EMPMED	270,000.00	304,000.00	270,000.00	270,000.00	09/01/2025		8.000	7.667	5,874.77	-	5,874.77
Total			\$ 23,342,666.67	\$ 23,720,172.42	\$ 23,670,995.77	\$ 25,020,413.33			3.863	\$ 246,109.10	\$ (15,176.65)	\$ 230,932.45	

Total Investments (Book Value)	\$ 23,670,995.77
Gain/Loss on Investments	<u>1,349,417.56</u>
Total Investments (Market Value)	25,020,413.33
Temporarily Invested with Pooled Cash & Investments	<u>3,711,859.00</u>
Total Pooled Cash and Investments	<u>\$ 28,732,272.33</u>



**Fire Retiree Medical
Fund 949
Interest Earnings
July 1 to September 30, 2019**

Investments September 30, 2019									Interest Earnings July 1 to September 30, 2019					
CUSIP	Investment #	Issuer	Par Value	Beginning Book Value	Ending Book Value	Market Value	Maturity Date	Credit Rating	Current Rate	Annualized Yield	Adjusted Interest Earnings			
											Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings	
Medium Term Notes														
06744CUS8	14531	Barclays Bank PLC	2,000,000.00	2,000,000.00	2,000,000.00	2,006,500.00	02/18/2028	A2	3.125	3.100	15,625.00	-	15,625.00	
6174467X1	14318	Morgan Stanley DW DTC#0015	2,000,000.00	2,049,384.71	2,047,454.79	2,241,180.00	11/24/2025	BAA2	5.000	4.466	25,000.00	(1,929.92)	23,070.08	
61747WAF6	14225	Morgan Stanley	1,666,666.67	1,682,117.44	1,679,651.89	1,743,966.67	01/25/2021	A3	5.750	5.069	23,958.33	(2,465.55)	21,492.78	
Federal Agency Coupon Securities														
3133EFQT7	14362	Fed Farm Credit Bank	2,300,000.00	2,310,298.78	2,309,896.48	2,431,376.00	11/25/2025	AAA	2.700	2.597	15,525.00	(402.30)	15,122.70	
Federal Agency Continuously Callable														
3130H0CE1	14568	Farmer Mac	2,190,000.00	2,190,000.00	2,190,000.00	2,200,643.40	05/01/2029	N/A	3.400	3.372	18,615.00	-	18,615.00	
3130A9WA5	14508	FHLB	500,000.00	500,000.00	500,000.00	498,410.00	04/27/2020	AAA	1.300	1.289	1,625.00	-	1,625.00	
Total			<u>\$ 10,656,666.67</u>	<u>\$ 10,731,800.93</u>	<u>\$ 10,727,003.16</u>	<u>\$ 11,122,076.07</u>					<u>3.532</u>	<u>\$ 100,348.33</u>	<u>\$ (4,797.77)</u>	<u>\$ 95,550.56</u>

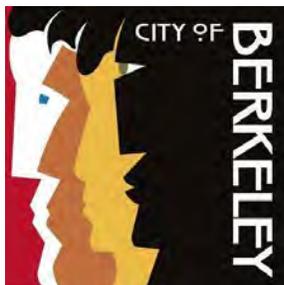
Total Investments (Book Value)	\$ 10,727,003.16
Gain/Loss on Investments	<u>395,072.91</u>
Total Investments (Market Value)	11,122,076.07
Temporarily Invested with Pooled Cash & Investments	<u>407,166.00</u>
Total Pooled Cash and Investments	<u>\$ 11,529,242.07</u>



**Police Retiree Medical
Fund 903, 950 and 970
Interest Earnings
July 1 to September 30, 2019**

Investments September 30, 2019								Interest Earnings July 1 to September 30, 2019						
CUSIP	Investment #	Issuer	Par Value	Beginning Book Value	Ending Book Value	Market Value	Maturity Date	Credit Rating	Current Rate	Annualized Yield	Adjusted Interest Earnings			
											Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings	
Medium Term Notes														
06744CUS8	14532	Barclays Bank PLC	2,000,000.00	6,000,000.00	2,000,000.00	2,006,500.00	02/08/28	A2	3.125	3.100	15,625.00	-	15,625.00	
6174467X1	14319	Morgan Stanley DW DTC#0015	500,000.00	2,049,384.71	511,863.70	560,295.00	11/24/25	BAA2	5.000	4.466	6,250.00	(482.48)	5,767.52	
61747WAF6	14226	Morgan Stanley	1,666,666.67	1,682,117.44	1,679,651.89	1,743,966.67	01/25/21	A3	5.750	5.069	23,958.33	(2,465.55)	21,492.78	
Federal Agency Coupon Securities														
3133EFQT7	14363	Fed. Farm Credit Banks Funding	2,300,000.00	2,611,642.09	2,309,896.48	2,431,376.00	11/25/25	AAA	2.700	2.597	15,525.00	(402.30)	15,122.70	
Federal Agency Continuously Callable														
3130HOCE1	14569	Farmer Mac	829,000.00	3,556,000.00	829,000.00	833,028.94	05/01/29	N/A	3.400	3.372	7,046.50	-	7,046.50	
3130A9YW5	14511	Federal Home Loan Banks	500,000.00	499,986.94	499,995.28	499,560.00	11/22/19	AAA	1.190	1.187	1,487.50	8.34	1,495.84	
Total			\$ 7,795,666.67	\$ 16,399,131.18	\$ 7,830,407.35	\$ 8,074,726.61					3.370	\$ 69,892.33	\$ (3,341.99)	\$ 66,550.34

Total Investments (Book Value)	\$ 7,830,407.35
Gain/Loss on Investments	<u>244,319.26</u>
Total Investments (Market Value)	8,074,726.61
Temporarily Invested with Pooled Cash & Investments	<u>57,974.00</u>
Total Pooled Cash and Investments	<u>\$ 8,132,700.61</u>



Councilmember Ben Bartlett

City of Berkeley, District 3
 2180 Milvia Street, 5th Floor
 Berkeley, CA 94704
 PHONE 510-981-7130
 EMAIL: bbartlett@cityofberkeley.info

CONSENT CALENDAR

November 19, 2019

To: Honorable Mayor and Members of the City Council
 From: Councilmembers Ben Bartlett and Rigel Robinson
 Subject: Cannabis Cryptocurrency Tax

RECOMMENDATION

Adopt an ordinance adding a new Chapter to the Berkeley Municipal Code to allow the City to implement a method for acceptance of stablecoin tax remittance for certain industries pending City approval of each industry.

CURRENT SITUATION

As it stands, 70% of the cannabis industry is unbanked. Thus, the majority of cannabis transactions are handled in cash, which causes several significant issues for businesses and cities both in terms of the risk of handling large cash deposits and navigating through complex financial institutions.

Dispensaries collect large sums of money from customers, and then must pay the appropriate taxes to the city and state through the use of armored car services and other methods involving staff time. State and local governments are forced to process hundreds of millions of dollars in cash annually, which is both expensive and a public safety risk. This process is inefficient and requires money to pass through many hands before it ends up at the city or state.

The fragmented nature of payment collection has led to a host of problems, including an increase in burglaries. The Berkeley Police Department indicated that there have been a host of robberies at dispensaries from 2016 - 2019. In 2019, one Berkeley cannabis dispensary was the victim of a \$93,000 heist. Furthermore, there have been around a half dozen auto burglaries of marijuana delivery vehicles.

BACKGROUND:

There have been repeated attempts and failures to create better financial services for this industry. The Cannabis Banking Feasibility Study released on December 27th, 2018 was unable to establish credible alternatives for the industry to paying taxes via armored vehicle. SB 930 in 2018, reincarnated as SB 51 in 2019 which sought to create a cannabis depository failed twice. Attempts to create public banks in Oakland, San

Francisco and Los Angeles are ongoing but have not yet come to fruition and are likely to take many years to fully implement.

This is where California should innovate. By embracing emerging technology like blockchain -- which is very effective at securely transferring value- we can eliminate the cash problems of the cannabis industry without creating capital-intensive institutions. AB 953- which the city of Berkeley has supported- would enable the state to accept stablecoins from cannabis businesses for tax remittance. Berkeley has a proud history of innovation and a local cannabis industry that needs solutions.

FISCAL IMPACTS OF RECOMMENDATION

The current cost of accepting cash include the following:

- Armored vehicle services
- Staff time
- Police time in responding to break ins

By allowing the city to implement a method for acceptance of stablecoin tax remittance for the cannabis industry, we can provide a cash-free direct method of cannabis tax collections that will reduce barriers and costs for the City and these businesses. In turn, the City can reasonably expect to increase cannabis tax revenue.

ENVIRONMENTAL SUSTAINABILITY

When concerns are raised about the energy consumption of virtual currency, they are typically in relation to Bitcoin and without the context of how much energy the current banking system requires.

The amount of energy used in the creation or transfer of virtual currency is reliant on the underlying blockchain protocol. Stablecoins are a type of virtual currency that are not native to one particular protocol. However, most major stablecoins are run on the Ethereum blockchain. Ethereum's annual energy consumption is estimated to be around 8 (TWh) compared with Bitcoin's 73 (TWh). Ethereum is in the process of shifting from a Proof of Work system- what's commonly referred to as mining- to a Proof of Stake system. This switch is estimated to reduce energy consumption by 99%. Much like solar power this is an emerging technology rapidly becoming more efficient.

RATIONALE FOR RECOMMENDATION

There is both a fiscal and public safety imperative to reduce cash use in the cannabis industry. Implementing a cash-free method of tax collection in the municipal code, the City can reduce the amount of funding allocated towards armored car services, staff time, and police time in responding to break-ins. In turn, this will cut costs from the City.

In addition, allowing the use of cryptocurrency to purchase items from cannabis industries will alleviate the epidemic of dispensary break-ins. Typically, individuals target the cannabis industry because of the amount of cash dispensaries hold in one place. As a result, cities with dispensaries face a public safety risk. The City should adopt an amendment to the Finance, Revenue, and Tax Code that allows the city to determine

and implement a method for acceptance of stablecoin tax remittance for certain industries pending city approval of each industry.

ALTERNATIVES CONSIDERED

Cannabis depository institutions, public banking, Ohio's method of accepting virtual currency, and continuing to operate in cash are all alternative options which are less optimal than the proposal.

CONTACT PERSON

Councilmember Ben Bartlett	510-981-7130
Katie Ly	510-981-7131
Jerry Wong	510-981-7131

ATTACHMENTS

1. Ordinance (7.99 Limited Authority to Accept Tax Payments via Stablecoin)

ORDINANCE NO. –N.S.

ADOPT BERKELEY MUNICIPAL CODE CHAPTER 7.99 LIMITED AUTHORITY TO
ACCEPT TAX PAYMENTS VIA STABLECOIN

BE IT ORDAINED by the Council of the City of Berkeley as follows:

Section 1. That Berkeley Municipal Code Chapter 7.99 is added to read as follows:

Chapter 7.99

Limited Authority to Accept Tax Payments via Stablecoin

The city must determine and implement a method by which businesses in categories approved by the city may remit any taxes or other amounts due to the city using stablecoins. The method approved by the city must allow the acceptance of stablecoins directly into a city-controlled digital wallet or allow the city to contract with a third-party digital asset payment processor that would allow for the immediate conversion of any payments made by stablecoins into United States dollars and deposit those funds into a city-owned bank account. The city must approve one or more specific stablecoins as suitable for inclusion in the approved payment method. The city may designate a city official to make the determinations and to grant the approvals required under this ordinance. Any stablecoins approved by the city must satisfy the following minimum standards: (1) the stablecoin is backed 1:1 with US Dollars, (2) the USD backing is verified by an independent third party auditor, and (3) the US Dollars backing the stablecoin are held in an FDIC-insured bank in the United States.

Section 2. Copies of this Ordinance shall be posted for two days prior to adoption in the display case located near the walkway in front of Council Chambers, 2134 Martin Luther King Jr. Way. Within 15 days of adoption, copies of this Ordinance shall be filed at each branch of the Berkeley Public Library and the title shall be published in a newspaper of general circulation.



CITY COUNCILMEMBER
RIGEL ROBINSON
DISTRICT 7

08

CONSENT CALENDAR
March 10, 2020

To: Honorable Mayor and Members of the City Council
From: Councilmember Rigel Robinson
Subject: Allocating Car Fees for Street Improvements

RECOMMENDATION

Double the annual repaving budget by adopting a resolution to allocate either 50 percent of the revenues or revenues upwards of \$6 million collected annually from the Vehicle In-Lieu Tax towards the repaving budget in the interests of street maintenance, sustainability, and bicycle and pedestrian goals.

PROPOSED POLICY COMMITTEE TRACK

Facilities, Infrastructure, Transportation, Environment, & Sustainability Committee, for discussion alongside the referral to the committee to consider “Potential Bonding and Funding Opportunities for Improving the PCI of Residential Streets, and Creating a Paving Master Plan.”

BACKGROUND

At present, the repaving budget is assembled from a variety of sources, including the State Transportation Tax, Measure B, Measure BB, Measure F, the Capital Improvement Fund, the Road Repair & Accountability Act of 2017, Measure T1, and various grants. Together, these sources of funding result in an annual repaving budget of more than \$6 million. The annual repaving budget is expected to exceed \$7 million in coming years.¹

Recently, the City has accomplished a significant volume of repaving. Berkeley’s citywide Pavement Condition Index (PCI) has increased from 57 in 2017 to 59.7 in 2019. This change, while seemingly modest, is a significant step in the right direction. However, a massive increase in the repaving budget is necessary for citywide PCI to meet “satisfactory” levels, determined by the American Society for Testing and Materials to begin at a PCI of 70.

¹ https://www.cityofberkeley.info/Clerk/City_Council/2019/12_Dec/Documents/2019-12-3_Item_30b_Companion_Report_Recommendation_for_the_Five-Year_Street.aspx

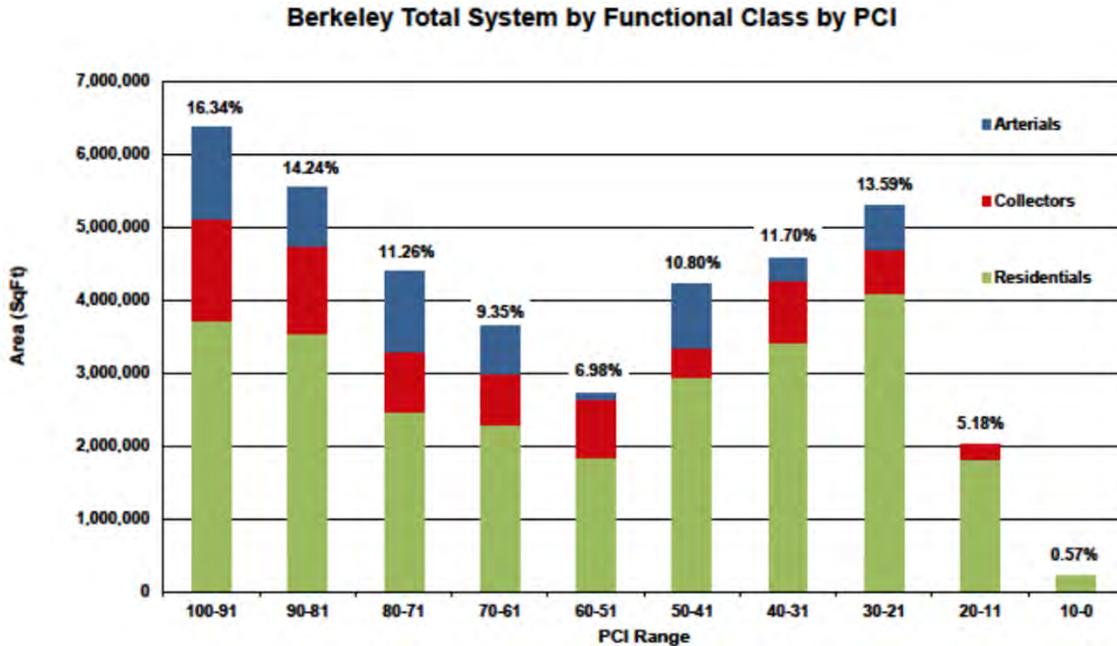
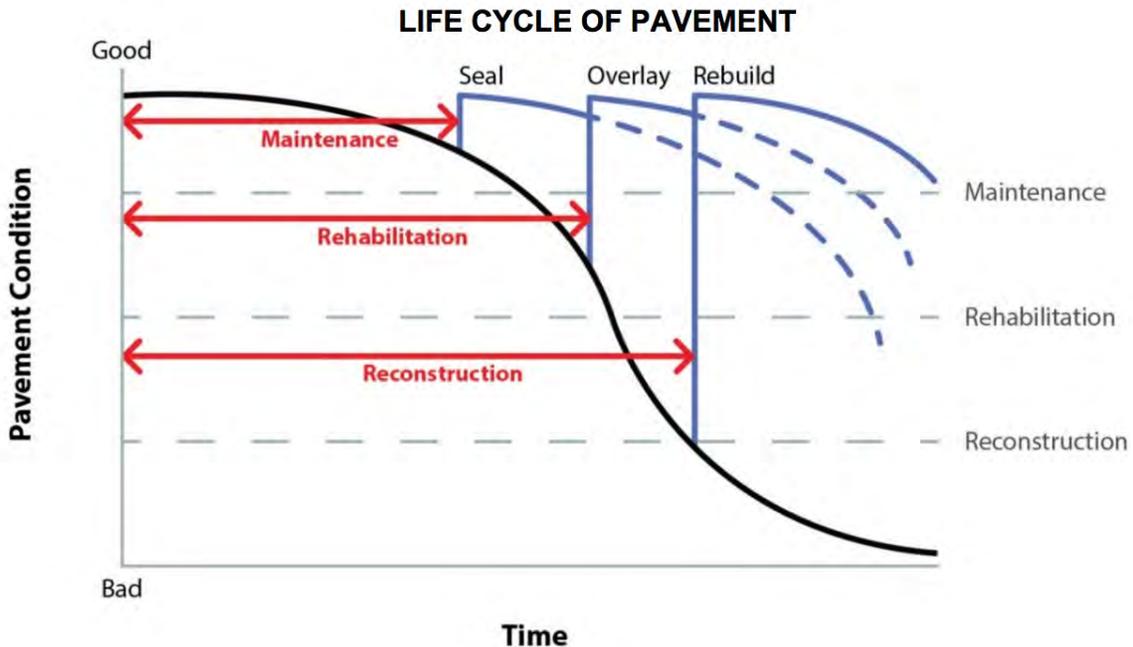
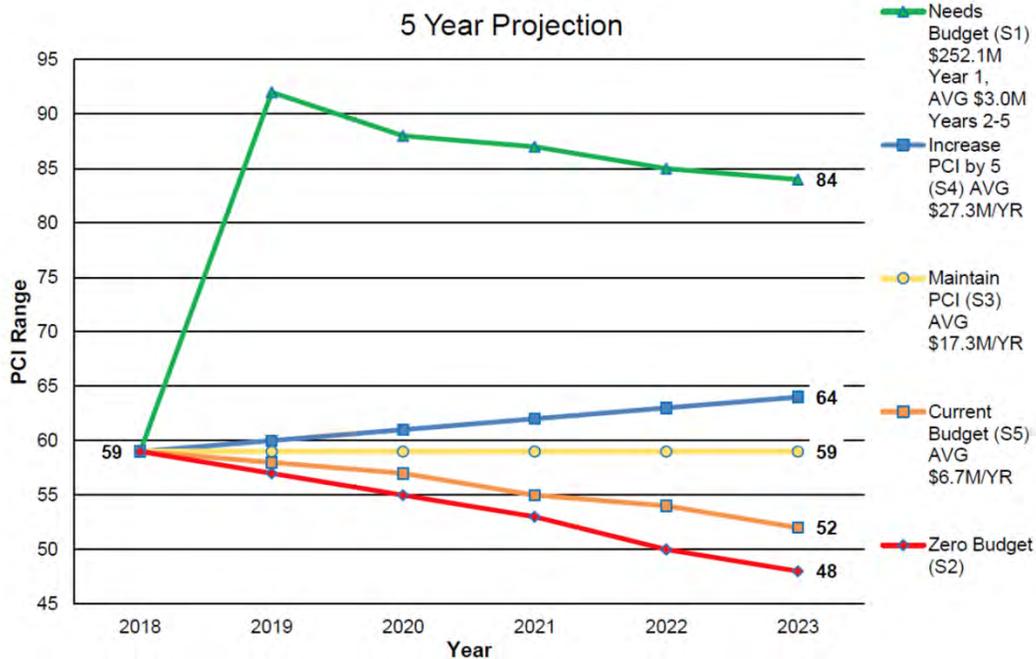


Table from MTC's P-TAP Round 19 Final Report by PEI



Data presented by Public Works staff during the most recent adoption of the Five-Year Street Rehabilitation Plan demonstrates the urgency of our street repaving needs. At current funding levels, our citywide PCI is set to decline to 52 by 2023. It would take an additional \$10.6 million per year to maintain our current PCI of 59 until 2023. Meaningful

improvement in PCI would thus necessitate an even more dramatic increase in funding for street repaving.



Per the July 1st, 2019 off-agenda report documenting the City’s upgraded general obligation bond rating, the City has experienced several years of significant budget surpluses.² Thanks to strong revenue growth and expenditure management, the City’s budget is in outstanding shape. There has perhaps not been a better time in recent memory to make significant, urgent investments in street infrastructure that will result in future savings.

The Vehicle In-Lieu Tax, also known as the Motor Vehicle License Fee (VLF), is an annual fee “levied for the privilege of operating a vehicle on the public highways of California.”³ The effective rate of the tax is 0.65 percent of each vehicle’s market value, adjusted for depreciation. Pursuant to the State Constitution, the tax is collected by the State of California and distributed to local governments.

Approximately 75 percent of the State’s total Vehicle In-Lieu Tax revenue is split between cities and counties as “base VLF,” which can be used by local governments for

² https://www.google.com/url?client=internal-element-cse&cx=017385055954264103894:kn5xiwd8ubm&q=https://www.cityofberkeley.info/uploadedFiles/Clerk/Level_3_-_General/City%27s%2520General%2520Obligation%2520Bond%2520Rating%2520Upgraded%2520070119.pdf&sa=U&ved=2ahUKEwibysGVgrXnAhVkHzQIHaweCtEQFjAAegQIABAC&usq=AOvVaw39R6h3zWdCofRIBeuCpjPx

³ https://arev.assembly.ca.gov/sites/arev.assembly.ca.gov/files/publications/Chapter_3F.pdf

any spending purpose. Currently, Berkeley's share of this revenue goes directly into the City's General Fund. The remaining 25 percent is allocated to counties and is restricted to funding various health, mental health, and social services programs.

As documented in the FY19 Comprehensive Annual Financial Report, the City of Berkeley's Vehicle In-Lieu Tax revenue was \$12,482,284.⁴ Vehicle In-Lieu Taxes "increased by \$.7 million or 5.6% in FY 2019 to \$12.5 million from \$11.8 million in FY 2018."

VLF	Actual Revenue			Projected Revenue		
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Collections	\$10,994,452	\$11,822,917	\$12,540,784	\$13,207,440	\$13,801,774	\$14,284,837
\$ Change	685,650	828,465	717,867	666,656	594,334	483,063
% Change	6.65%	7.53%	6.1%	5.32%	4.5%	3.5%

Source: City of Berkeley FY 2020-2021 Adopted Biennial Budget, page 90

FINANCIAL IMPLICATIONS

No impact to the amount of fees collected. Designating 50 percent of the Vehicle In-Lieu Tax to the repaving budget would constitute approximately a 93 percent increase in the repaving budget according to FY19 numbers, enabling a significant increase in the total amount of repaving work that the City can accomplish per year.

Since the costs of street repaving increase dramatically as streets deteriorate, there are significant long-term cost savings associated with repaving more streets immediately. According to the "Failing Streets" audit report presented to Council in 2011, streets in "fair" or "poor" condition cost 3.5 to 8.6 times the price of preventive maintenance to resurface. Repairing streets in "failed" condition costs almost 32 times the price of preventive maintenance, since a full reconstruction is needed.⁵ According to the 2019 staff companion report for the Five-Year Street Rehabilitation Plan, maintenance treatments cost between \$8-27 per square yard, while rehabilitation treatments cost between \$52-104 per square yard.

Additionally, simultaneously building in pedestrian and bicycle improvements while repaving streets results in significantly safer streets, alleviating time and cost burdens for first responders.

⁴ https://www.cityofberkeley.info/Finance/Home/Financial_Reports.aspx

⁵ https://www.berkeleyside.com/wp-content/uploads/2013/06/2011-11-15_Item_09_Failing_Streets.pdf

ENVIRONMENTAL SUSTAINABILITY

Street repaving presents a valuable opportunity to implement critical sustainability projects all over the city, particularly via the 15 percent of the repaving budget allocated for demonstration projects. These may include pedestrian and bicycle improvements, green infrastructure projects, permeable pavers, and more. Additionally, newer repaving practices such as Full Depth Reclamation are being adopted as more environmentally conscious alternatives to traditional repaving.

Transportation accounts for 60 percent of Berkeley's community-wide GHG emissions. Poor street conditions make more environmentally friendly modes of transportation, such as walking or biking, less safe and therefore less attractive to residents.

Maintaining quality, safe streets and implementing complete street components is critical to encouraging sustainable modes of transportation and reaching the City's target of reducing GHG emissions by 80 percent below 2000 levels by 2050. This resolution is consistent with the City's Climate Action Plan, which envisions "public transit, walking, cycling, and other sustainability modes" as the "primary means of transportation for Berkeley residents and visitors."

ALTERNATIVES CONSIDERED

The City is actively considering other revenue sources for street maintenance. During the February 11th Council meeting, Council discussed several options, including a half-cent sales tax, revenue bond, and general obligation bond.⁶

Allocating parking revenues towards the repaving budget was another alternative considered. As documented in the FY19 Comprehensive Annual Financial Report, total operating revenues for off-street parking were \$3,833,654. Total operating revenues for parking meters were \$10,381,385. However, these revenues are currently dedicated towards debt obligations for the newly-constructed Center Street Garage. Furthermore, unlike the Vehicle In-Lieu Tax which is collected by the State, parking revenues require collection efforts by City staff. Any reallocation of parking revenues would need to address potential impact on staff needs. That said, consideration should be made of the difference between parking revenues and parking fines, and whether fines should also be allocated towards repaving needs.

Reallocation of the Vehicle In-Lieu Tax from the General Fund to the repaving budget is the City's most compelling option at this time.

CONTACT PERSON

Councilmember Rigel Robinson, (510) 981-7170

⁶ https://www.cityofberkeley.info/Clerk/City_Council/2020/02_Feb/Documents/2020-02-11_Presentations_Item_18_Pres_CMO_pdf.aspx

Attachments:
1: Resolution

RESOLUTION NO. ##,###-N.S.

A RESOLUTION DOUBLING THE REPAVING BUDGET BY ALLOCATING REVENUES FROM THE VEHICLE IN-LIEU TAX TOWARDS STREETS

WHEREAS, the condition of the City’s streets is a top priority of the Council and City of Berkeley residents, who have overwhelmingly supported measures to improve streets such as Measure T1 and Measure M; and

WHEREAS, the average Pavement Condition Index (PCI) in the City of Berkeley is 59.7, below the “satisfactory” level of 70 as determined by the American Society for Testing and Materials; and

WHEREAS, the current annual repaving budget of \$6.7 million is projected to result in a decrease in PCI to 52, and an additional \$10.6 million per year is needed to maintain the current PCI; and

WHEREAS, the City of Berkeley budget is in strong shape due to years of robust revenue growth, expenditure management, and financial reserve policies, recently resulting in the City’s upgraded general obligation bond rating of “MIG 1,” the highest possible rating for short-term municipal notes; and

WHEREAS, repaving streets in a timely manner is associated with significant long-term cost savings because neglected, low-PCI streets require pavement treatments that are up to 32 times more cost-intensive; and

WHEREAS, maintaining and repaving streets while simultaneously implementing complete street components is critical to encouraging the use of sustainable modes of transportation and achieving the City’s Vision Zero and Climate Action goals; and

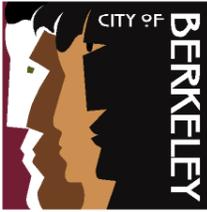
WHEREAS, the Vehicle In-Lieu Tax is an annual state fee, collected from automobile owners for the privilege of operating a vehicle on public roads, that should be reinvested in infrastructure that creates safe road conditions for drivers, bicyclists, public transit users, and pedestrians alike; and

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that 50 percent of the revenues collected annually from the Vehicle In-Lieu Tax shall be allocated from the General Fund towards the repaving budget in the interests of street maintenance, sustainability, and bicycle and pedestrian goals.

OR

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that revenues upwards of \$6 million collected annually from the Vehicle In-Lieu Tax shall be

allocated from the General Fund towards the repaving budget in the interests of street maintenance, sustainability, and bicycle and pedestrian goals.



Cheryl Davila
Councilmember
District 2

CONSENT CALENDAR

April 14, 2020

To: Honorable Mayor and Members of the City Council

From: Councilmember Cheryl Davila

Subject: Open Pathways (including laundry services), West Campus Pool and Martin Luther King Jr. Pool (King pool) to implement the City of Berkeley Shower Program at these locations and provide the ability for our community to shower during the COVID 19 pandemic.

~~Subject: Open West Campus Pool and Martin Luther King Jr. Pool (King pool) to implement the City of Berkeley Shower Program at these locations, and provide the ability for our community to shower during the COVID 19 Pandemic.~~

RECOMMENDATION

Direct the City Manager to open the Pathways (including laundry services), West Campus Pool and Martin Luther King Jr. Middle School (King pool) Pool to implement the City of Berkeley Shower Program at these locations. Opening these locations will provide the ability for our community to shower during the COVID 19 Pandemic, a humane action required during this crisis.

~~Direct the City Manager to open the West Campus Pool and Martin Luther King Jr. Middle School (King pool) Pool to implement the City of Berkeley Shower Program at these locations. Opening the West Campus Pool and Martin Luther King Jr. Middle School (King pool) pool will provide the ability for our community to shower during the COVID 19 Pandemic, a humane action required during this crisis.~~

FINANCIAL IMPLICATIONS

To operate a year-round shower program that duplicates the program at the Willard Pool would cost to establish a shower program would be approximately \$270,100 plus for the two locations.

~~To operate a year-round shower program that duplicates the program at the Willard Pool would cost to establish a shower program would be approximately \$270,100 for both locations.~~

BACKGROUND

Berkeley, now impacted by the COVID19 pandemic crisis, a housing affordability crisis, and a homelessness crisis. COVID 19 requires one to have good personal hygiene and washing one's

hands multiple times during the day for 20+ seconds, wiping surfaces, and enhanced cleanliness. Currently, there are no shower programs in West or South Berkeley where there are high concentrations of our curbside communities who do not have access to showers. The contract with Project WeHope / Dignity on Wheels that provides homeless individual access to clean showers, laundry service and bathroom facilities is pending. Therefore, Project WeHope / Dignity on Wheels is not available at this time. We are in a pandemic which requires ways for our community to be cleaner to prevent further community spread transmissions.

~~The Coronavirus or COVID 19 pandemic requires cleanliness, washing our hands, often for twenty seconds or longer, washing our face, etc. Currently, there is no shower program in West or South Berkeley where there are high concentrations of our curbside communities who do not have access to showers. The contract with Project WeHope / Dignity on Wheels that provides homeless individual access to clean showers, laundry service and bathroom facilities is pending. Therefore, Project WeHope / Dignity on Wheels is not available at this time. We are in a pandemic which requires ways for our community to be cleaner to prevent further community transmissions.~~

The Willard Shower program is operated by the Parks, Recreation and Waterfront Department (PRW) at the Willard Recreation Administration office, 2701 Telegraph Avenue. The Telegraph location is not convenient for the curbside community in West and South Berkeley. Pathways, West Campus Pool and the Martin Luther King Jr. Middle School pool will enable the curbside community in West and South Berkeley access to showers closer to their location.

~~The Willard Shower program is operated by the Parks, Recreation and Waterfront Department (PRW) at the Willard Recreation Administration office, 2701 Telegraph Avenue. The Telegraph location is not convenient for the curbside community in West and South Berkeley. West Campus Pool and the Martin Luther King Jr. Middle School pool will enable the curbside community in West and South Berkeley access to showers closer to their location.~~

Pathways should open their showers and laundry facilities to be utilized, as well during the COVID 19 pandemic.

In January 2018, the City Council considered Council Item¹⁴. "Open the West Campus Pool All Year Round and Start the Shower Program at the West Campus Pool". Months later, the City Manager provided a response ² to the City Council in June 2018, where it identified the cost to establish a shower program similar to the Willard Shower Program at West Campus pool. The COVID 19 Pandemic is upon us we must do all that we can to mitigate the dire consequences. We need to ensure that the shower program is also accessible and equitable to all residents.

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ENVIRONMENTAL SUSTAINABILITY

Access to the West Campus pool and Martin Luther King Jr. Middle School Pool is an important part of a healthy living lifestyle for the residents in West, South and all of Berkeley.

REFERENCES

1. Open the West Campus Pool All Year Round and Start the Shower Program at the West Campus Pool
2. https://www.cityofberkeley.info/uploadedFiles/Clerk/Level_3_-_General/Shower%20Referral%20Response%20061218.pdf

CONTACT PERSON

Cheryl Davila
Councilmember District 2
510.981.7120
cdavila@cityofberkeley.info

ATTACHMENTS:

1. Resolution

CONTACT PERSON

Cheryl Davila
Councilmember District 2
510.981.7120, cdavila@cityofberkeley.info

RESOLUTION NO. ##,###-N.S.

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BERKELEY DIRECTING THE CITY MANAGER TO OPEN PATHWAYS (INCLUDING LAUNDRY SERVICES), WEST CAMPUS POOL AND MARTIN LUTHER KING JR. POOL (KING POOL) TO IMPLEMENT THE CITY OF BERKELEY SHOWER PROGRAM AT THESE LOCATIONS, AND PROVIDE THE ABILITY FOR OUR COMMUNITY TO SHOWER DURING THE COVID 19 PANDEMIC, A HUMANE ACTION REQUIRED DURING THIS CRISIS.

~~A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BERKELEY DIRECTING THE CITY MANAGER TO OPEN THE WEST CAMPUS POOL AND MARTIN LUTHER KING JR. MIDDLE SCHOOL POOL TO IMPLEMENT THE CITY OF BERKELEY SHOWER PROGRAM AT THESE LOCATIONS, AND PROVIDING THE ABILITY FOR OUR COMMUNITY TO SHOWER DURING THE COVID 19 PANDEMIC, A HUMANE ACTION REQUIRED DURING THIS CRISIS.~~

WHEREAS, Berkeley, now impacted by the COVID19 pandemic crisis, a housing affordability crisis, and a homelessness crisis; and

WHEREAS, the Coronavirus or COVID 19 pandemic requires cleanliness, washing our hands, often for twenty seconds or longer, washing our face, etc.; and

~~WHEREAS, The Coronavirus or COVID 19 pandemic requires cleanliness, washing our hands, often for twenty seconds or longer, washing our face, etc., and~~

WHEREAS, there is no shower program in West or South Berkeley where there are high concentrations of our curbside communities who do not have access to showers; and

~~WHEREAS, There is no shower program in West or South Berkeley where there are high concentrations of our curbside communities who do not have access to showers and,~~

WHEREAS, The Telegraph location is not convenient for the curbside community in West and South Berkeley. West Campus Pool and the Martin Luther King Jr. Middle School pool will enable the curbside community in West and South Berkeley access to showers closer to their location; and

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~~enable the curbside community in West and South Berkeley access to showers closer to their location, and,~~

WHEREAS, In January 2018, the City Council considered Council Item: “Open the West Campus Pool All Year Round and Start the Shower Program at the West Campus Pool”.

WHEREAS, The COVID 19 Pandemic is upon us we must do all that we can to mitigate the dire consequences. We need to ensure that the shower program is also accessible and equitable to all residents; and

~~WHEREAS, The COVID 19 Pandemic is upon us we must do all that we can to mitigate the dire consequences. We need to ensure that the shower program is also accessible and equitable to all residents.~~

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley, hereby directs the City Manager to open the Pathways, West Campus Pool and Martin Luther King Jr. Middle School (King pool) Pool to implement the City of Berkeley Shower Program at these locations. Opening these locations will provide the ability for our community to shower during the COVID 19 Pandemic, a humane action required during this crisis.

~~NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley, hereby directs the City Manager to open the West Campus Pool and Martin Luther King Jr Middle School (King pool) Pool to implement the City of Berkeley Shower Program at these locations. Opening the West Campus Pool and Martin Luther King Jr. Middle School (King Pool) pool will the ability for our community to shower during the COVID 19 Pandemic, a humane action required during this crisis.~~



Cheryl Davila
Councilmember
District 2

CONSENT CALENDAR

April 14, 2020

To: Honorable Mayor and Members of the City Council

From: Councilmember Cheryl Davila

Subject: Open West Campus Pool and Martin Luther King Jr. Pool (King pool) to implement the City of Berkeley Shower Program at these locations, and provide the ability for our community to shower during the COVID 19 Pandemic.

RECOMMENDATION

Direct the City Manager to open the West Campus Pool and Martin Luther King Jr. Middle School (King pool) Pool to implement the City of Berkeley Shower Program at these locations. Opening the West Campus Pool and Martin Luther King Jr. Middle School (King pool) pool will provide the ability for our community to shower during the COVID 19 Pandemic, a humane action required during this crisis.

FINANCIAL IMPLICATIONS

To operate a year-round shower program that duplicates the program at the Willard Pool would cost to establish a shower program would be approximately \$270,100 for both locations.

BACKGROUND

The Coronavirus or COVID 19 pandemic requires cleanliness, washing our hands, often for twenty seconds or longer, washing our face, etc. Currently, there is no shower program in West or South Berkeley where there are high concentrations of our curbside communities who do not have access to showers. The contract with Project WeHope / Dignity on Wheels that provides homeless individual access to clean showers, laundry service and bathroom facilities is pending. Therefore, Project WeHope / Dignity on Wheels is not available at this time. We are in a pandemic which requires ways for our community to be cleaner to prevent further community transmissions.

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In January 2018, the City Council considered Council Item⁻¹: “Open the West Campus Pool All Year Round and Start the Shower Program at the West Campus Pool”. Months later, the City Manager provided a response² to the City Council in June 2018, where it identified the cost to establish a shower program similar to the Willard Shower Program at West Campus pool. The COVID 19 Pandemic is upon us we must do all that we can to mitigate the dire consequences. We need to ensure that the shower program is also accessible and equitable to all residents.

ENVIRONMENTAL SUSTAINABILITY

Access to the West Campus pool and Martin Luther King Jr. Middle School Pool is an important part of a healthy living lifestyle for the residents in West, South and all of Berkeley.

REFERENCES

1. Open the West Campus Pool All Year Round and Start the Shower Program at the West Campus Pool
2. [https://www.cityofberkeley.info/uploadedFiles/Clerk/Level_3 -
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CONTACT PERSON

Cheryl Davila
Councilmember District 2
510.981.7120
cdavila@cityofberkeley.info

RESOLUTION NO. ##,###-N.S.

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BERKELEY DIRECTING THE CITY MANAGER TO OPEN THE WEST CAMPUS POOL AND MARTIN LUTHER KING JR. MIDDLE SCHOOL POOL TO IMPLEMENT THE CITY OF BERKELEY SHOWER PROGRAM AT THESE LOCATIONS, AND PROVIDING THE ABILITY FOR OUR COMMUNITY TO

Page 8 of 8
SHOWER DURING THE COVID 19 PANDEMIC, A HUMANE ACTION REQUIRED DURING THIS CRISIS.

WHEREAS, The Coronavirus or COVID 19 pandemic requires cleanliness, washing our hands, often for twenty seconds or longer, washing our face, etc., and

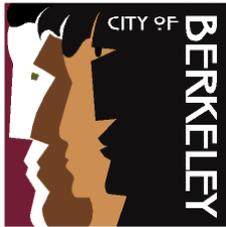
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NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley, hereby directs the City Manager to open the West Campus Pool and Martin Luther King Jr Middle School (King pool) Pool to implement the City of Berkeley Shower Program at these locations. Opening the West Campus Pool and Martin Luther King Jr. Middle School (King Pool) pool will the ability for our community to shower during the COVID 19 Pandemic, a humane action required during this crisis.



Health Housing and
Community Services Department
Office of the Director

10

MEMORANDUM

To: David White, Deputy City Manager

From: Kelly Wallace, Interim Director

Date: March 3, 2020

Subject: **City of Berkeley Housing Trust Fund Resources**

The purpose of this memo is to provide an overview of the City's Housing Trust Fund (HTF), the current balance of HTF program funds, and an overview of how HTF funds can be used.

The City of Berkeley created its HTF program in 1990¹. Berkeley's HTF pools funds for affordable housing development and predevelopment costs from a variety of sources with different requirements, and makes them available through one single application process to local developers. The purpose of the HTF is to develop and preserve long-term below market rate housing for low, very low, and extremely-low income households in order to maintain and enhance the ethnic and economic diversity of the City.

Revenues for the HTF come from the following sources:

- Federal HOME Partnership for Investment Program (HOME Program) annual allocations;
- Allocated Community Development Block Grant (CDBG) funds;
- Housing fees provided by development projects, demolitions and condominium conversions;
- Proceeds obtained from the sale of City-owned residential properties;
- Payments of interest and principal due to the City from borrowers of previous HTF loans;
- Funds from other sources authorized by the City Council and the voters.

Under the HTF Guidelines, the Housing Advisory Commission advises Council on HTF allocations. HTF proceeds are awarded to eligible projects as loans that must be repaid on favorable terms.

¹ <http://www.ci.berkeley.ca.us/ContentDisplay.aspx?id=6532>

Total Housing Trust Fund Resources

While the "Housing Trust Fund" name may imply that all funds are pooled together in a single fund code for accounting purposes, the City maintains each source separately. The balance of funds available for the HTF program as of this writing on March 3, 2020 is \$6,704,128.

Table 1. Housing Trust Fund Available Balance 3/3/2020	
Source of Funds	Amount
HOME (310)	\$0
Housing Mitigation Fee (Commercial) (331)	\$1,084,680
Inclusionary In Lieu Fee (122)	\$329,778
Condo Conversion Fee (123)	\$1,109,459
Housing Mitigation Fee (Residential) (120)	\$4,180,210
HTF Total	\$6,704,128

Housing Trust Fund Mitigation Fee Revenue

The majority of the funding now available for allocation in the HTF came from fees, and has accrued over time. Fee income is variable with the market and the timing difficult to predict precisely because it depends on individual development project timelines.

Table 2 provides an overview of the total HTF fees collected over time. The vast majority of the AHMF have been collected in the past year. The first AHMF was collected in 2015 with a payment of \$280,000 for the Aquatic at 800 University then \$1.58M for the Varsity on Durant. Over the next three years, \$2.9 million in AHMF were collected. Since January 2019, over \$7.8 million in AHMF have been collected.

Table 2. Housing Trust Fund Fees Collected Over Time		
Fee Program and Fund Code	First Year	Total Received
Inclusionary Housing Fund (254)	FY 2006	\$1,533,441
Condo Conversion Fund (258)	FY 2009	\$2,960,826
Affordable Housing Mitigation Fee (249)	FY 2015	\$12,604,968
Housing Mitigation Fee on Commercial Development (250)	FY 1992	\$4,486,275
Total		\$21,585,510

Housing Mitigation Fee (Commercial)

In 1993, the City established a housing linkage fee on commercial development, designed to mitigate the need for affordable housing it creates. On June 3, 2014 Council adopted Resolution 66,617 N.S. which updated this fee which applies to all new commercial construction in which the net additional, newly constructed gross floor area is over 7,500 square feet. Most commercial new construction projects in the City are below this threshold. Applicants may either 1) create one unit of housing either on site or off site within the City of Berkeley (with an average size of two bedrooms) affordable to households whose income is at or below 30% of the area median income, or 2) pay an equivalent In-Lieu Impact Fee according to a schedule. None of these funds can be used for administration.

Inclusionary In Lieu Fee [BMC 23C.12](#)

In 1986 the City adopted an Inclusionary Housing Ordinance (IHO), which required, among other things, that a percentage of all new residential rental units in projects of 5 or more units be provided at below market rates for the life of the project. The IHO only includes an in-lieu fee option for ownership units, not for rental, although it does allow for fractional unit fees for rental. A 2009 decision of the California Court of Appeal (Palmer/Sixth Street Properties v. City of Los Angeles (2009) 175 Cal. App. 4th 1396) held that the City may not require rents to be limited in rental projects unless it provides assistance to the rental project, thus invalidating the City's IHO requirements for rental projects. The City still enforces the IHO for ownership projects, but this year's Bloom project is the first new condo development since 2007. 100% of the fee must be deposited in the City's HTF; none of these funds can be used for administration.

Condominium Conversion Fee [BMC 21.28.070](#)

The Condominium Conversion Ordinance allows property owners to convert rental units to ownership units subject to certain requirements and payment of an Affordable Housing Mitigation Fee (AHMF). This fee shares a name with—but is different from—the AHMF for new construction market-rate housing in BMC 22.20.065. The ordinance went through a period of frequent revisions so previously converted properties were subject to a variety of requirements. Currently, the fee is based on the appraised value or sales price of the unit and is 4% for properties with two units and 8% for properties with three or more units. Not more than 10% of revenues can be used for HTF program delivery. Not more than 10% of revenues can be used for HTF program and project monitoring and enforcement. Not less than 80% of revenues must be placed into the City of Berkeley HTF to finance activities described as eligible in the City of Berkeley HTF Program Guidelines.

Affordable Housing Mitigation Fee (Residential)

<http://www.ci.berkeley.ca.us/ContentDisplay.aspx?id=74682>

In 2010, as a result of the Palmer court decision, the City replaced its IHO requirements for rental housing with the Affordable Housing Mitigation Fee (AHMF). Developments are subject to whichever requirement was in place at the time they obtained a Use Permit. Together these requirements are referred to as the City's Below Market Rate (BMR) program.

The AHMF requires new market rate developments to provide affordable housing units equal in number to 20% of the market rate units, or to pay a fee per market rate unit, or provide a combination of units and fee. Effective July 1, 2018, the AHMF is \$37,962 per new unit of rental housing, payable at the issuance of Certificate of Occupancy. If the AHMF is paid in its entirety no later than issuance of the building permit, the fee is \$34,884 per new unit of rental housing. Resolution 68,074-N.S. established the fee and the method to adjust the fee every other year. In most cases, developers choosing to provide units on site in lieu of paying the fee also receive credit under the state Density Bonus law, allowing them to increase the number of market rate units produced. Ten percent of the funds can be used for program delivery.

HOME Investment Partnership Program

Historically, the most consistent source of funds in the HTF has been HOME funds. From FY 2000 through FY 2012, the City received an average of nearly \$1.3M in HOME funds annually. The HOME allocation peaked in FY 2005 when the City received \$1.5M. In FY 2013, however, the allocation was cut by over one-half and has remained near this level ever since. The City's FY2020 allocation of HOME funds is \$737,273. Ninety percent of this allocation is placed in the HTF and ten percent is used for program delivery costs. HOME funds come with many federal requirements, including onerous commitment deadlines and required scopes of work, that make administering decreasing funds increasingly challenging. For at least five years each federal budget process has involved proposals to greatly reduce or eliminate HOME, though City of Berkeley HOME funding has not changed appreciably.



No Material
Available for
this Item

There is no material for this item.

City Clerk Department
2180 Milvia Street
Berkeley, CA 94704
(510) 981-6900

The City of Berkeley Budget & Finance Policy Committee Webpage:

https://www.cityofberkeley.info/Clerk/Home/Policy_Committee_Budget_Finance.aspx

Council's Fiscal Policies

The fiscal policies adopted by the Council include:

- ❖ Focusing on the long-term fiscal health of the City by adopting a two-year budget and conducting multi-year planning;
- ❖ Building a prudent reserve;
- ❖ Developing long-term strategies to reduce unfunded liabilities;
- ❖ Controlling labor costs while minimizing layoffs;
- ❖ Allocating one-time revenue for one-time expenses;
- ❖ Requiring enterprise and grant funds to balance and new programs to pay for themselves; and
- ❖ Any new expenditure requires new revenue or expenditure reductions.
- ❖ Transfer Tax in excess of \$12.5 million will be treated as one-time revenue to be used for the City's capital infrastructure needs (Fund 501).
- ❖ As the General Fund subsidy to the Safety Members Pension Fund declines over the next several years, the amount of the annual decrease will be used to help fund the new Police Employee Retiree Health Plan (Fund 731).
- ❖ Starting in FY 2019, staff costs as approved by the City Council that exceed the enforcement fees and penalties shall be appropriated from the short term rental taxes collected pursuant to BMC Section 23C.22.050, Section H, with the primary allocation of the rental tax to the purposes listed below:
 - Two thirds (66.7%) allocated to the Affordable Housing Trust Fund.
 - One third (33.3%) allocated to the Civic Arts Grant Fund.

Proposed new policy:

- ❖ Funding the 115 Pension Trust

Additional Information

At the meeting on January 23, 2020, the Committee stated it will continue to review and revise specific policies and added the following items to future agendas:

1. Transfer tax revenue policy amendment for Measure P
2. Provide more flexible language in policy that new programs need to pay for themselves
3. Change CIP to longer-term (possibly 5 years)
4. Short-term rental distribution – no longer use percentages for distribution; set priorities and prioritize programs
5. Community agency funding process overview – what role can the Budget & Finance committee play in this process?
6. 115 Pension Trust funding